

Fomento de Construcciones y Contratas, S.A. and Subsidiaries

Consolidated Financial Statements for
the year ended 31 December 2019 and
Directors' Report, together with
Independent Auditor's Report

*Translation of a report originally issued in Spanish based
on our work performed in accordance with the audit
regulations in force in Spain. In the event of a
discrepancy, the Spanish-language version prevails.*

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Fomento de Construcciones y Contratas, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in total equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2019, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed

in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test on Corporación Uniland goodwill	
Description	Procedures applied in the audit
The consolidated balance sheet includes goodwill associated with the Corporación Uniland cash-generating unit (CGU) of the Cement area, the carrying amount of which is EUR 326 million, following the recognition of the impairment loss of EUR 70 million estimated in 2019. The Group tests these assets for impairment each year. Management's assessment of the possible impairment is a key matter in our audit, since the assessment is a complex process that requires a significant number of estimates, judgements and assumptions to be made in both determining the valuation method used, which was the discounted future cash flow method, and in evaluating the key assumptions, mainly in relation to the calculation of the discount rate, and the cash flows in the projected period, the cash flows used for calculating the residual value and the perpetuity growth rate, among others.	Our audit procedures included, among others, the performance of substantive tests based on the obtainment of the impairment test performed by management, and the verification of the clerical accuracy of the calculations made, evaluating the reasonableness of the main assumptions considered therein. In this connection, the review of the impairment test included, inter alia, the identification of the key assumptions included therein and the evaluation of the reasonableness thereof, including their consistency with available external and internal evidence and with historical performance. These key assumptions include the discount rate used, which our internal experts evaluated based on general market indicators, the reasonableness of which was evaluated by questioning and checking the calculations detailed by Group management. We also retrospectively reviewed the projections made in prior years in order to identify bias in Group management's assumptions, and evaluated the Group's historical achievement of budgets in order to determine the reliability of the estimates made by management. In addition, we reviewed the sensitivity analyses of the key assumptions. Lastly, we focused our work on reviewing Notes 3.e and 6.b to the accompanying consolidated financial statements, which contain information relating to the impairment test, in particular, the detail of the main assumptions, and on analysing the high sensitivity of the conclusions to possible variances in the key assumptions in the tests carried out.

Recoverability of deferred tax assets of the Spanish tax group

Description

The Group has recognised deferred tax assets in relation to the Spanish tax group amounting to EUR 625 million (see Note 23) at 31 December 2019.

At year-end, Group management prepares financial models to assess the recoverability of the deferred tax assets recognised, taking into account the applicable regulatory framework and the most recent business plans approved for the various business areas, in addition to the estimated reversal periods for the temporary differences recognised in the consolidated balance sheet. We identified this matter as key in our audit, since the preparation of these models requires a significant level of judgement, basically in connection with the projections of business performance and the estimation of the reversal periods for the temporary differences recognised, which affect the assessment of the recoverability of the deferred tax assets recognised in the consolidated balance sheet.

Procedures applied in the audit

Our audit procedures to address this matter included, among others, the performance of tests on the design and implementation of the relevant controls that mitigate the risks associated with the process of assessing the recoverability of the deferred tax assets recognised, as well as verification that the aforementioned controls operate effectively.

In addition, we performed substantive tests based on the obtainment of the financial models prepared by the Group to assess the recoverability of the deferred tax assets recognised and the supporting documentation used as the basis for their preparation. We reviewed the financial models obtained, analysing, among other matters, the consistency of the pre-tax profits projected for the coming years with historical and actual data for the current year. Also, we analysed the estimated reversal periods for the temporary differences recognised in the consolidated balance sheet and involved our internal tax experts in analysing the most significant estimates affecting income tax for the current year.

Notes 3.p and 23 to the accompanying consolidated financial statements contain the disclosures relating to the Group's deferred taxes.

Provisions and contingent liabilities relating to Alpine

Description

As a result of the process of liquidating the Alpine Group that started in 2013, a series of lawsuits were initiated against the Group, some of which are for a significant amount. Group management has to assess whether these claims constitute contingent liabilities or whether, on the other hand, a provision should be recognised in the consolidated balance sheet. This was a key matter in our audit, since this assessment requires Group management to make significant judgements, especially regarding the probability of there being an outflow of resources in the future or the possibility of measuring the amount of the obligation reliably. These judgements and estimates are made by Group management based on the opinions of the internal legal department and its external legal counsel, and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied.

Procedures applied in the audit

Our audit procedures included, among others, the review of the evolution of each of the lawsuits affecting the Group as a result of the liquidation of the Alpine Group. To this end, we obtained confirmations from its internal and external legal counsel in order to analyse the current status of the proceedings in progress and discussed with Group management its assessment of the related risk, classifying the risk as "remote", "possible" or "probable". Also, we evaluated whether the Group's disclosures in the consolidated financial statements in relation to the claims currently in progress were adequate, in accordance with the applicable regulatory framework, and checked whether the details thereof were consistent with the evidence gathered in the course of our tests.

Notes 3.m, 18 and 25 to the accompanying consolidated financial statements contain the detail of the provisions and disclosures regarding the contingent liabilities relating to the claims associated with Alpine.

Revenue recognition in certain long-term contracts in the Construction area

Description

For a significant proportion of the long-term construction contracts in the Construction area the Group recognises the revenue earned over time by reference to the stage of completion of the contracts in economic terms. This revenue recognition method was a key matter in our audit, as it affects a significant amount of total consolidated revenue, as well as the measurement of the amounts to be billed for work performed, and requires Group management to make highly significant estimates relating mainly to the expected outcome of the contract, the amount of costs yet to be incurred and the accounting, where appropriate, for modifications to the initial contract, all of which fall within the framework of the criteria established in IFRS 15, Revenue from Contracts with Customers.

These judgements and estimates are made by the persons in charge of performing the construction work, are subsequently reviewed at the various levels of the organisation and are submitted to controls to ensure the consistency and reasonableness of the criteria applied.

Procedures applied in the audit

Our audit procedures included the performance of an in-depth, itemised analysis of a selection of projects in order to evaluate the reasonableness of the hypotheses and assumptions made by the Group with an impact on the revenue recognised in the year which include, among others, the determination of the transaction price, the allocation of the transaction price to the various performance obligations, the treatment for accounting purposes of any modifications approved by the customer and the recognition of variable consideration. In addition, we evaluated, with the additional support, where appropriate, of internal experts in infrastructure projects, the reasonableness of the assumptions and hypotheses used by the Group to update the estimated costs, and to measure progress towards satisfaction of the performance obligations. We also reviewed the consistency of the estimates made by the Group in 2018 with the actual data for the contracts in 2019.

Lastly, we reviewed the disclosures made by the Group in relation to these matters. Notes 3.r and 15.a to the accompanying consolidated financial statements contain relevant information relating to the recognition of revenue from long-term construction contracts and additional disclosures in relation to balances corresponding to amounts to be billed for work performed.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2019, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the information contained in the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

- a) A specific level that applies to the consolidated non-financial information statement, as well as to certain information included in the Annual Corporate Governance Report (ACGR), as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.
- b) A general level applicable to the other information included in the consolidated directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was provided in the consolidated directors' report and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2019 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and Audit and Control Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit and control committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on pages 8 and 9 below, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Parent's Audit and Control Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and control committee dated 27 February 2020.

Engagement Period

The Annual General Meeting held on 28 June 2018 appointed us as auditors for a period of one year from the year ended 31 December 2018.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 December 1990, taking into account the content of Article 17.8 of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Raquel Martínez Armendáriz
Registered in ROAC under no. 20.755

27 February 2020

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.
- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit and control committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit and control committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.



Servicios Ciudadanos

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES (CONSOLIDATED GROUP)**

Financial Statements & Management Report

2019

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES (CONSOLIDATED GROUP)**

Financial Statements

CONSOLIDATED BALANCE SHEET

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES**
at 31 December 2019 (in thousands of euros)

ASSETS	31/12/2019	31/12/2018
NON-CURRENT ASSETS	8,529,551	6,607,207
Intangible assets (Note 6)	3,458,398	2,426,380
Concessions (Notes 6 and 10)	2,374,620	1,288,804
Goodwill	1,023,511	1,078,490
Other intangible fixed and non-current assets	60,267	59,086
Property, plant and equipment (Note 7)	2,863,892	2,424,018
Land and buildings	1,056,501	744,262
Plant and other items of property, plant and equipment	1,807,391	1,679,756
Real Estate Investments (Note 8)	2,635	2,798
Investments accounted for using the equity method (Note 11)	741,524	763,050
Non-current financial assets (Note 13)	863,163	380,552
Deferred tax assets (Note 23)	599,939	610,409
CURRENT ASSETS	4,044,589	3,916,834
Inventories (Note 14)	728,812	691,034
Trade and other receivables	1,836,806	1,695,798
Trade receivables for sales and services (Nota 15)	1,504,799	1,380,930
Other receivables (Notes 15 and 23)	332,007	314,868
Other current financial assets (Note 13)	189,566	178,815
Other current assets (Note 15)	70,861	84,990
Cash and cash equivalents (Note 16)	1,218,544	1,266,197
TOTAL ASSETS	12,574,140	10,524,041

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2019 consolidated income statement.

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES**
at 31 December 2019 (in thousands of euros)

LIABILITIES AND EQUITY	31/12/2019	31/12/2018
EQUITY (Note 17)	2,473,759	1,958,775
Equity attributable to the Parent Company	1,951,262	1,683,953
Shareholders' equity	2,244,185	2,016,251
<i>Capital</i>	392,265	378,826
<i>Accumulated earnings and other reserves</i>	1,601,284	1,397,579
<i>Shares and equity interests</i>	(16,068)	(11,723)
<i>Profit for the year attributable to the Parent company</i>	266,704	251,569
Valuation adjustments	(292,923)	(332,298)
Non-controlling interests	522,497	274,822
NON-CURRENT LIABILITIES	6,797,228	5,574,710
Grants	333,802	211,296
Non-current provisions (Note 18)	1,130,199	1,161,989
Non-current financial liabilities (Note 19)	5,030,270	3,900,432
Debt instruments and other marketable securities	2,800,345	1,702,631
Bank borrowings	1,319,267	1,988,629
Other financial liabilities	910,658	209,172
Deferred tax liabilities (Note 23)	142,311	141,088
Other non-current liabilities (Note 20)	160,646	159,905
CURRENT LIABILITIES	3,303,153	2,990,556
Current provisions (Note 18)	249,581	209,264
Current financial liabilities (Note 19)	683,611	380,902
Debt instruments and other marketable securities	324,604	23,308
Bank borrowings	155,400	211,455
Other financial liabilities	203,607	146,139
Trade and other payables (Note 21)	2,369,961	2,400,390
Suppliers	1,157,753	1,126,368
Other payables (Notes 21 and 23)	1,212,208	1,274,022
TOTAL EQUITY AND LIABILITIES	12,574,140	10,524,041

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CONSOLIDATED PROFIT AND LOSS STATEMENT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2019 (in thousands of euros)

	31/12/2019	31/12/2018
Net business turnover (Note 26)	6,276,231	5,989,805
Work on the company's own assets	49,846	36,439
Other operating income (Note 26)	214,327	170,564
Changes in inventories of finished goods and work in progress	14,408	15,019
Procurements (Note 26)	(2,339,562)	(2,257,256)
Staff costs (Note 26)	(1,925,734)	(1,864,804)
Other operating expenses	(1,263,713)	(1,228,600)
Amortisation of fixed assets and allocation of grants for non-financial and other assets (Notes 6, 7 and 8)	(449,109)	(376,338)
Impairment and gains/(losses) on disposal of non-current assets (Note 26)	(59,764)	9,874
Other results (Note 26)	(5,316)	(8,766)
OPERATING PROFIT/(LOSS)	511,614	485,937
Finance income (Note 26)	51,067	52,943
Finance costs (Note 26)	(195,787)	(262,022)
Other financial gains/(losses) (Note 26)	1,455	14,764
FINANCIAL LOSS	(143,265)	(194,315)
Profits/(losses) of companies accounted for by the equity method (Note 26)	120,641	66,861
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	488,990	358,483
Income tax (Note 23)	(149,066)	(78,763)
PROFIT OR LOSS FOR THE FINANCIAL YEAR FROM ONGOING ECONOMIC ACTIVITIES	339,924	279,720
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD	339,924	279,720
Profit attributable to the Parent Company	266,704	251,569
Profit attributable to non-controlling interests (Note 17)	73,220	28,151
EARNINGS PER SHARE (Note 17)		
Basic	0.69	0.66
Diluted	0.69	0.66

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2019 consolidated income statement.

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENDITURE

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES**
at 31 December 2019 (in thousands of euros)

	31/12/2019	31/12/2018
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD	339,924	279,720
Other comprehensive income - Items that are not reclassified to profit/(loss) for the period	(4,722)	961
Actuarial profits and losses (*)	(4,722)	961
Other comprehensive income - items that can subsequently be reclassified to profit/(loss) for the period	50,390	3,443
Financial assets at fair value with changes in other comprehensive income	(21)	(2,040)
Valuation gains/(losses)	-	(2,053)
Amounts transferred to the statement of profit and loss	(21)	13
Cash flow hedges	2,627	3,119
Valuation gains/(losses)	123	863
Amounts transferred to the statement of profit and loss	2,504	2,256
Translation differences	30,636	(8,602)
Valuation gains/(losses)	30,752	(8,602)
Amounts transferred to the statement of profit and loss	(116)	-
Participation in other comprehensive profit recognised by investments in joint ventures and associates	25,641	11,385
Valuation gains/(losses)	(39,742)	(1,129)
Amounts transferred to the statement of profit and loss	65,383	12,514
Tax effect	(8,493)	(419)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	385,592	284,124
Attributable to the Parent Company	306,897	256,415
Attributable to non-controlling interests	78,695	27,709

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2019 consolidated income statement.

(*) Amounts that under no circumstances will be charged to the profit and loss statement.

TOTAL STATEMENT OF CHANGES IN THE CONSOLIDATED EQUITY

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2019 (in thousands of euros)**

	Capital social (Note 17.a)	Share premium and reserves (Note 17.b)	Interim dividend	Shares and equity interests (Note 17.c)	Profit/(loss) for the year attributed to the Parent Company	Other equity instruments	Valuation adjustments (Note 17.d)	Equity attributable to shareholders of the Parent company (Note 1)	Non-controlling interests (Note 17.ii)	Total equity
Equity as of 31 December 2017	378,826	726,073	-	(4,427)	118,041	2,590	(357,177)	863,926	74,593	938,519
Impact of transition to IFRS 15 and IFRS 9 (Note 2.a)		(180,937)					55	(180,882)	(1,503)	(182,385)
Equity as of 1 January 2018	378,826	545,136	-	(4,427)	118,041	2,590	(357,122)	683,044	73,090	756,134
Total income and expenses for the year		884			251,569		3,962	256,415	27,709	284,124
Transactions with shareholders or owners				(7,296)				(7,296)	(5,632)	(12,928)
Capital increases/(reductions)									713	713
Distribution of dividends									(6,345)	(6,345)
Transactions with treasury shares or equity instruments (net)				(7,296)				(7,296)		(7,296)
Other changes in equity (Note 17)		851,559			(118,041)	(2,590)	20,862	751,790	179,655	931,445
Equity as of 31 December 2018	378,826	1,397,579	-	(11,723)	251,569	-	(332,298)	1,683,953	274,822	1,958,775
Impact of transition to IFRS 16 (Note 2.a)		(2,014)						(2,014)		(2,014)
Equity as of 1 January 2019	378,826	1,395,565	-	(11,723)	251,569	-	(332,298)	1,681,939	274,822	1,956,761
Total income and expenses for the year		(3,499)			266,704		43,692	306,897	78,695	385,592
Transactions with shareholders or owners	13,439	(23,083)		(4,345)				(13,989)	(61,372)	(75,361)
Capital increases/(reductions)	13,439	(13,517)						(78)	1,198	1,120
Distribution of dividends		(9,566)						(9,566)	(62,570)	(72,136)
Transactions with treasury shares or equity instruments (net)				(4,345)				(4,345)		(4,345)
Other changes in equity (Note 17)		232,301			(251,569)		(4,317)	(23,585)	230,352	206,767
Equity as of 31 December 2019	392,265	1,601,284	-	(16,068)	266,704	-	(292,923)	1,951,262	522,497	2,473,759

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2019 consolidated income statement.

STATEMENT OF CONSOLIDATED CASH FLOWS (INDIRECT METHOD)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2019 (in thousands of euros)

	31/12/2019	31/12/2018
Profit/(loss) before tax from continuing operations	488,990	358,483
Adjustments to profit/(loss)	587,725	590,112
Depreciation and amortisation (Notes 6, 7 and 8)	457,724	386,243
Impairment of goodwill and fixed and non-current assets (Notes 6, 7 and 26)	(59,764)	(7,048)
Other adjustments to profit (net) (Note 26)	189,765	210,917
Changes in working capital (Note 15)	(183,323)	(316,848)
Miscellaneous cash flows from operating activities	(262,842)	(142,335)
Dividends received	57,373	32,017
Income tax refunded/(paid)	(172,951)	(111,919)
Other collections/(payments) from operating activities	(147,264)	(62,433)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	630,550	489,412
Investment payments	(546,575)	(434,651)
Group companies, associates and business units	(144,299)	(70,779)
Property, plant and equipment, intangible assets and real estate investments (Notes 6, 7 and 8)	(328,415)	(290,550)
Other financial assets	(73,861)	(73,322)
Proceeds from disposals	28,463	41,958
Group companies, associates and business units	1,141	7,644
Property, plant and equipment, intangible assets and real estate investments (Notes 6, 7 and 8)	18,326	15,780
Other financial assets (Note 10)	8,996	18,534
Other cash flows from investment activities	158,877	8,020
Interest received	13,114	16,646
Other collections/(payments) from investment activities	145,763	(8,626)
TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES	(359,235)	(384,673)
Proceeds and payments from equity instruments (Note 17)	(42,615)	924,401
Issue/(redemption)	425	484
(Acquisition)/disposal of treasury shares	(43,040)	923,917
Proceeds from (payments on) financial liabilities (Note 19)	(97,436)	(851,220)
Issuance	2,263,951	1,823,461
Repayment and amortisation	(2,361,387)	(2,674,681)
Dividends paid and payments on other equity instruments (Note 5)	(71,589)	(6,329)
Other cash flows from financing activities	(134,095)	(147,922)
Payment of interests	(136,840)	(142,398)
Other receipts/(payments) from financing activities	2,745	(5,524)
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	(345,735)	(81,070)
EFFECT OF VARIATIONS IN EXCHANGE RATES	26,767	4,273
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(47,653)	27,942
Cash and cash equivalents at the start of the period	1,266,197	1,238,255
Cash and cash equivalents at the end of the period	1,218,544	1,266,197

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2019 consolidated income statement.

CONSOLIDATED REPORT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2019

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1. GROUP ACTIVITY

The FCC Group comprises the Parent Company, Fomento de Construcciones y Contratas, S.A., and a group of investee companies located both in Spain and abroad that perform different business activities grouped into the following areas:

- **Environmental Services.** Services related to urban sanitation, industrial waste treatment, including both the construction and operation of treatment plants, and the energy recovery of waste. Concession agreements related to environmental services are also included (note 10).
- **Integrated Water Management.** Services relating to the integrated water cycle: collection, purification and distribution of water for human consumption; sewage collection, filtration and purification; design, construction, operation and maintenance of water infrastructure for municipal, industrial, agricultural services, etc. Concession agreements related to the integral water cycle are also included (note 10).
- **Construction.** Specialised in the construction of infrastructure, buildings and similar facilities: motorways, highways, roads, tunnels, bridges, hydraulic works, ports, airports, housing estates, housing, non-residential building, lighting, industrial climate control installations, environmental restoration, etc.
- **Cement.** Dedicated to the operation of quarries and mineral deposits, production of cement, lime, plaster and prefabricated by-products, as well as the production of concrete.
- **Concessions.** Mainly includes concession agreements related to the operation of highways, tunnels and other similar infrastructures (note 10).

Additionally, the FCC Group is present in the Property sector, both through the company F C y C, S.L. Unipersonal, as through its 37.14% holding in Realia Business, S.A., whose main activity is housing development and the office rental market.

International activities account for approximately 45% (46% in 2018) of the FCC Group's turnover, mainly in Europe, Latin America, the Middle East and the United States.

2. BASIS OF PRESENTATION AND BASIS OF CONSOLIDATION OF THE CONSOLIDATED INCOME STATEMENT

a) Basis of presentation

The accompanying financial statements and the notes thereto that comprise this Report and which make up these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union at the closing date, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and all the implementing provisions and interpretations.

The 2019 consolidated financial statements of the FCC Group have been formulated by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be presented for approval by the General Shareholders' Meeting. However, no amendments are expected as a result of the fulfilment of said requirement. Meanwhile, the 2018 consolidated financial statements were approved by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., held on 8 May 2019.

These consolidated financial statements of the FCC Group show the faithful image of the equity and the financial situation as at 31 December 2019 and 2018, as well as the results of the operations, changes in equity and consolidated cash flows that occurred in the Group during those years.

The consolidated financial statements of the FCC Group have been prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and its investee companies. These records, in accordance with the procedures and operating systems established in the Group, justify and support the consolidated financial statements prepared in accordance with current international accounting regulations.

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria were applied to the individual financial statements of the companies included in the scope of consolidation. In 2019 and 2018, the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

The consolidated financial statements are expressed in thousands of euros.

Reclassifications made

There were no other significant reclassifications in 2019 and 2018.

Rules and interpretations issued but not in force

At the date of preparation of these notes to the financial statements, the most significant standards and interpretations that had been published by the International Accounting Standards Board (IASB) during the year, but which had not yet entered into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had yet to be endorsed by the European Union, are as follows:

Not adopted by the European Union		Mandatory Application to the FCC Group (*)
Amendments to IFRS 9, IAS 39 and IFRS 7	Update to the reference interest rate	1 January 2020

(*) This modification was approved by the European Union in January 2020

The Group generally does not expect the application of the standard to have a significant impact on its financial statements.

Significant rules and interpretations applied in 2019

The standards that entered into force in 2019 that have already been adopted by the European Union and which have been used by the Group, if applicable, were as follows:

New standards, amendments and interpretations:		Mandatory Application to the FCC Group
Approved for use in the European Union		
Amendment to IAS 19	Plan amendment, curtailment or settlement	1 January 2019
Amendment to IAS 28	Long-term interests in associates and joint ventures	1 January 2019
IFRIC 23	Uncertainty over Corporation Tax Treatments	1 January 2019
Amendment to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019
IFRS 16	Leases	1 January 2019
Amendment to IFRS 3 - Annual Improvements to IFRS Standards 2015–2017	Acquisition of control over a business previously recorded as a joint operation	1 January 2019
Amendment to IFRS 11 - Annual Improvements to IFRS Standards 2015–2017	Acquisition of joint control over a joint operation that constitutes a business	1 January 2019
Amendment to IAS 12 - Annual Improvements to IAS Standards 2015–2017	Registration of the tax impact of the remuneration of financial instruments classified as equity	1 January 2019

The application of these rules has not had a significant impact except for the first application of IFRS 16 "Leases".

For the first time, on 1 January 2019, the Group applied IFRS 16 "Leases", which indicates that for the lessee (with no impact when acting as lessor), all leases (except for certain exceptions involving low sums of money or duration) require the accounting of an asset corresponding to the right in use, fundamentally recognised by nature as a material asset, and a liability for the future payment obligations that are incurred. The liability is recognised at the present value of the future cash flows for each lease and the asset in an equivalent amount, adjusted for any early payment made. Subsequently, the right in use is systematically amortised and the financial expenses associated with the equivalent liability are recognised pursuant to the amortised cost method.

The first implementation of the aforementioned standard has been calculated taking into account the fact that the Group has availed itself of the option to apply it on a modified retroactive basis, i.e. with the cumulative impact of the first application of the standard as an adjustment to the initial balance sheet charged to reserves on 1 January 2019 without restating the previous year; this means that the adjustment has only been made for contracts previously classified as operating leases under current regulations prior to 31 December 2018. In this connection, the Group has recognised a financial liability equivalent to the current value of estimated future payments discounted at the incremental rate of debt on the date of first implementation, recognising the corresponding asset as a counterpart, adjusted as appropriate for the fees paid in advance and for the retirement and dismantling provisions made, without the value of the asset exceeding its fair value. For leases previously considered as financial, no adjustment has been made. Furthermore, adhering to the options to which it is entitled, the Group has not applied the standard to low-value assets, or to contracts which mature within 12 months after the date of first-time application.

In calculating the lease liability at 1 January 2019, the Group has applied the incremental rate of debt that, in general, is equivalent to an effective interest rate of 2.45% and, affecting a smaller number of contracts, specific rates depending on the term and country in which company entering into the lease is based.

As at 31 December 2018, the operating lease commitments entered into by the Group, which were broken down in that year's financial statements, amounted to 396 million euros. The difference between the aforementioned amount and that of the liabilities recognised as at 1 January 2019 in application of IFRS 16.43 billion euros, has different sources: the inclusion, consequence of the application of the aforementioned IFRS 16, as a liability of those extensions that are reasonably

expected to occur, the effect of financial discount of future payments, the existence of leases of low value or terms less than one year and others impacts related to the extension and cancellation of contracts.

The impact, broken down by balance sheet heading, of the first-time application of the standard was as follows:

	Balance at 1 January 2019	Impact of first- time application of IFRS 16	Restated balance on 1 January 2019
Non-current assets	6,607,207	434,721	7,041,928
Intangible assets	2,426,380	-	2,426,380
Property, plant and equipment	2,424,018	434,721	2,858,739
Real estate investments	2,798	-	2,798
Investments accounted for using the equity method	763,050	-	763,050
Non-current financial assets	380,552	-	380,552
Deferred tax assets	610,409	-	610,409
Current assets	3,916,834	(4,468)	3,912,366
Inventory	691,034	-	691,034
Trade and other receivables	1,695,798	-	1,695,798
Other current financial assets	178,815	-	178,815
Other current assets	84,990	(4,468)	80,522
Cash and cash equivalents	1,266,197	-	1,266,197
Total assets	10,524,041	430,253	10,954,294
Equity	1,958,775	(2,014)	1,956,761
Equity attributable to the Parent Company	1,683,953	(2,014)	1,681,939
Non-controlling interests	274,822	-	274,822
Non-current liabilities	5,574,710	388,462	5,963,172
Grants	211,296	-	211,296
Non-current provisions	1,161,989	-	1,161,989
Non-current financial liabilities	3,900,432	388,462	4,288,894
Deferred tax liabilities	141,088	-	141,088
Other non-current liabilities	159,905	-	159,905
Current liabilities	2,990,556	43,805	3,034,361
Current provisions	209,264	-	209,264
Current financial liabilities	380,902	43,805	424,707
Trade and other accounts payable	2,400,390	-	2,400,390
Total equity and liabilities	10,524,041	430,253	10,954,294

It should be noted that, on 1 January 2018, the Group applied IFRS 15 "Revenue from Contracts with clients" and IFRS 9 "Financial Instruments" for the first time. The application of both standards was made recognising the cumulative effect of the first-time application as an adjustment to existing reserves at 1 January 2018.

The impact of the first-time application of IFRS 15 "Revenue from contracts with clients" gave rise to a decrease in reserves totalling 227,634 thousand euros, primarily as a result of the re-estimation of the revenue previously recognised under IAS 11 "Construction contracts" and IAS 18 "Revenue", which do not comply with the requirements to be recognised as revenue under the new standard as it establishes more restrictive criteria for their recognition due to generally requiring the approval of clients.

In turn, the first-time application of IFRS 9 "Financial instruments" had a positive impact on reserves totalling 46,752 thousand euros, deriving, on the one hand, from the positive impact of the application of the accounting treatment of non-substantive amendments of financial liabilities in relation to the syndicated loan which can be traced to the refinancing of the syndicated debt of the Parent Company, Fomento de Construcciones y Contratas, and, on the other hand, the negative impact of the application of the financial asset impairment model that the new regulations establish must be estimated based on expected credit loss rather than credit loss incurred, as contemplated in IAS 39 "Financial instruments: recognition and measurement".

b) Basis of consolidation

Subsidiaries

The consolidation is carried out using the global integration method for the subsidiaries indicated in Annex I, in which Fomento de Construcciones y Contratas, S.A. exercises control, that is, when it has the power to direct its relevant activities, it is exposed to variable returns as a result of its participation in the investee and has the ability to exercise said power to influence its own returns, directly or through other companies controlled by it.

The value of the participation of non-controlling shareholders in equity is presented under the heading "Non-controlling interests" of the liability side of the accompanying consolidated balance sheet and the participation in the profit/(loss) is presented under the heading "Profit/(loss) attributed to non-controlling interests" of the accompanying consolidated profit and loss statement.

Where appropriate, goodwill is determined in accordance with the provisions of note 3.b) of this Report.

Joint agreements

The Group develops joint agreements through participation in joint ventures jointly controlled by one of more of the FCC Group companies with other companies outside the Group (note 12), as well as through participation in joint operations, temporary joint ventures and other similar entities (note 12).

The Group applies its professional judgement to evaluate its rights and obligations over joint agreements taking into account the financial structure and legal form of the agreement, the terms agreed by the parties and other relevant facts and circumstances to evaluate the type of joint agreement. Once such an analysis has been carried out, two types of joint agreements are distinguished:

- a) Joint operation: When the parties hold rights over the assets and obligations over the liabilities.
- b) Joint business: When the parties hold only rights over the net assets.

In accordance with IFRS 11 "Joint agreements", participations in joint ventures are integrated according to the equity method and are included in the accompanying consolidated balance sheet under the heading "Investments accounted for using the equity method". These companies' participation in the net income of the business year is included under the heading "Profit/(loss) of

entities valued using the equity method" of the accompanying consolidated profit and loss statement.

The joint operations, mainly in the Construction and Environmental Services activities that mostly take the form of temporary joint ventures and other similar entities, have been integrated in the accompanying consolidated accounts based on the percentage of participation in assets, liabilities, income and expenses derived from the operations carried out by them, eliminating the reciprocal balances in assets and liabilities, as well as the income and expenses not incurred against third parties.

Annex II lists the business jointly controlled with third parties outside the Group and Annex V lists the joint operations carried out with third parties outside the Group, mainly through temporary joint ventures and other entities with similar characteristics.

Associates

The companies listed in Annex III, in which Fomento de Construcciones y Contratas, S.A. does not exercise control but has significant influence, are included in the accompanying consolidated balance sheet under the heading "Investments accounted for by applying the equity method", integrated using said method. These companies' contribution to the net income of the business year is included under the heading "Profit/(loss) of entities valued using the equity method" of the accompanying consolidated profit and loss statement.

Transactions between Group companies

In transactions between consolidated companies, the profit/(loss) of internal operations are eliminated, being deferred until they are made against third parties outside the Group. This elimination does not apply in the "Concession agreements" since the result is considered to be realised against third parties (note 3.a).

Group work on its own fixed and non-current assets is measured at production cost, eliminating the intra-group profit/(loss).

Reciprocal credits and debits have been eliminated from the consolidated financial statement, as well as internal income and expenses from the collection of the subsidiaries that are consolidated.

Changes in the scope of consolidation

Annex IV shows the changes made in 2019 in all consolidated companies using global integration and the equity method. The profit/(loss) of these companies are included in the consolidated profit and loss statement as from the effective acquisition date or until the effective disposal or derecognition date, as appropriate.

The heading "Change in scope" in the corresponding notes to this Report shows the effect of the additions and derecognitions of companies from the scope of consolidation. Additionally, note 4 of this Report "Changes in the scope of consolidation", shows the most significant inputs and outputs of said scope.

3. ACCOUNTING POLICIES

The accounting policies applied to the consolidated financial statements of the FCC Group are detailed below:

a) Service Concession Arrangements

Concession contracts involve agreements between a granting public entity and FCC Group companies to provide public services such as water distribution, filtration and sewage treatment, landfill management, motorways and tunnels, etc. by operating the infrastructure. Meanwhile, revenue from providing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for providing the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the infrastructure assigned to the concession required to provide the service is returned to the concession grantor, generally for no consideration. Concession contracts are required to provide for the management or operation of this infrastructure. Likewise, a common characteristic is the existence of obligations to acquire or build all the items required to provide the concession service over the contract term.

When the above conditions are met, said concession contracts are recorded by the provisions of IFRIC 12 "Service Concession Arrangement". In general, we must highlight two clearly differentiated phases, the first one in which the concessionaire provides construction or improvement services that are recognised according to the degree of progress, with a counterpart in an intangible or financial asset, and a second phase in which a series of maintenance or operation services are provided for the aforementioned infrastructure. In both cases, income is recognised in accordance with the provisions of IFRS 15 "Ordinary income from contracts with clients" (note 3.r).

An intangible asset is recognised when the demand risk is borne by the concessionaire and a financial asset is recognised when the demand risk is borne by the concession grantor, since the concessionaire has an unconditional contractual right to receive the proceeds of the construction or upgrade services. These assets also include the amounts paid in relation to the fees for the award of the concessions.

There may be mixed situations in which the demand risk is shared between the concessionaire and the grantor.

For concessions classified as intangible assets, provisions for dismantling, removal or restoration and any steps to improve and increase capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the discounting of such provisions are recognised in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

Borrowing costs attributable to infrastructure financing are recognised as an expense in the period, capitalising, only in the intangible asset model, those that accrue during the construction phase and until the related infrastructure is put to use.

The amortisation of these intangible assets is carried out according to the consumption pattern, understanding as such the performance and best estimation of the production units in each of the different activities. The quantitatively most important concession businesses in the Group are located in concession activities, mainly toll roads and motorways, which are amortised according to traffic, and in the water supply and sanitation activity, which amortises assets based on consumption of water that, in general, is constant over time due, on the one hand, to its reduction as a result of

water saving policies and, on the other hand, to its increase by the growth in population. The amortisation is completed in the concession period, which is generally between 25 and 50 years.

Concession arrangements recognised as financial assets are measured at the fair value of the construction or upgrade services rendered. Under the amortised cost method, the corresponding income is allocated to profit or loss as revenue, in accordance with the effective interest rate arising from the expected flow of receipts and payments from the concession. Finance costs arising from the financing of these assets are classified under "Finance costs" in the consolidated profit and loss statement. As stated above, for the provision of maintenance or operating services, income and expenses are allocated to profit/(loss) in accordance with IFRS 15 "Ordinary income from contracts with clients".

b) Business combinations and goodwill

The assets and liabilities of the companies and subgroups over which control is acquired are recognised in the consolidated balance sheet at their fair value together with the related deferred taxes. However, in accordance with regulations, the initial measurement of the assets and liabilities and their allocation to the various headings may be reviewed within the twelve months following the acquisition date, should it be necessary to consider new data.

The date of inclusion in the scope of consolidation is the date on which effective control of the company is obtained, which normally coincides with the acquisition date.

Goodwill is recognised as the positive difference between (a) the sum of the fair value of the consideration transferred as a result of the acquired interest, the amount of the non-controlling interests and the fair value at the date on which control over these interests is acquired when control is obtained in stages and (b) the fair value of identifiable assets and liabilities.

In general, non-controlling interests are valued by the proportional part of the fair value in the assets and liabilities of the acquired company.

If control over a business combination is achieved in stages, the difference between the fair value at the time control over the preceding interest is obtained and the book value of that interest is recognised in profit/(loss).

Once control is obtained over an investee, and until that control is lost, the difference between the amount of any additional equity interest acquired or sold and its book value is accounted for in equity.

Goodwill is not amortised. However, it is tested for impairment at least at each balance sheet date, in order to recognise it at the lower of its recoverable value, estimated on the basis of expected cash flows, or acquisition cost, less any prior years' impairment losses. The accounting policies used to determine impairment are detailed in section e) of this note.

c) Intangible Assets

Except as indicated in the two previous sections of this note regarding the agreements for the concession of services and goodwill, the other intangible assets contained in the accompanying financial statements are valued at their acquisition cost. These intangible assets include investments related to operating contracts and licenses, rights to build and software applications.

Such recorded intangible assets have a finite useful life. Amortisation is carried out during its useful life, which is generally between 20 and 35 years, that is, the period during which it is estimated that

they will generate income, using the linear method, except when the application of the consumption pattern reflects its depreciation more faithfully. Software applications are generally amortised within a period of 5 to 10 years.

d) Property, Plant and Equipment and Real Estate Investments

Property, plant and equipment and real estate investments are recorded at their cost price (updated, where appropriate, with various legal provisions prior to the date of transition to IFRS), less accumulated depreciation and any loss due to impairment of recognised value. The cost of those assets includes the estimated present value of their dismantling or the withdrawal of the affected items and, in those cases in which they have been acquired through business contributions as stated in section b) of this note, they are initially recognised at their fair value on the acquisition date.

The work carried out by the Group for its fixed and non-current assets is valued at production cost.

Conservation and maintenance expenses that do not involve an extension of the useful life or productive capacity of the corresponding assets are charged to the profit/(loss) of the year in which they are incurred.

When the construction and commissioning of fixed and non-current assets require a period of long construction, the interests derived from their financing accrued during said period are activated.

Companies depreciate their fixed and non-current assets following the linear method, distributing the cost thereof between the following years of estimated useful life:

Real estate investments	75
Natural resources and buildings	25-50
Plant, machinery and transport items	5-30
Furniture and tools	7-12
Other fixed and non-current assets	5-10

However, some contracts may have terms shorter than the useful life of the related fixed and non-current assets, in which case they are depreciated over the term of the contract.

The residual value, useful life and depreciation method applied to the Group's assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the revenue deriving from operating the property, plant and equipment and real estate investments is obtained. This review is carried out through an in situ evaluation and technical analysis, taking into account their current conditions and estimating the remaining useful life of each asset based on their ability to continue providing the functionalities for which they were defined. Subsequently, these internal analyses are compared against third parties outside the Group, such as manufacturers, installers, etc. to ratify them.

At least at the end of each reporting period, the companies periodically determine whether there is any indication that an item or group of items of fixed and non-current assets is impaired so that if applicable, as indicates in section e) of this note, an impairment loss, or the reversal of such losses, can be recognised or reversed in order to adjust the book value of the assets to their value in use. Under no circumstances do reversals exceed all prior impairment recognised.

e) Impairment of intangible assets, property and real estate investments

Intangible assets with finite useful lives and property, plant and equipment items and real estate investments are tested for impairment when there is any indication that the assets might have become impaired, in order to adjust their net book value to their value in use (if this is lower).

The Group uses both internal and external sources of information to assess possible signs of impairment. External sources include market value decreases beyond the passage of time or normal use or possible adverse future changes in the legal, economic or technological environment that could reveal a loss of the recoverable value of its assets. The Group internally assesses whether there has been a physical deterioration or obsolescence of the assets, if the future situation itself may produce a change in the expected use of the asset, for example if the asset is expected to be idle for a significant period of time or due to restructuring plans or if it is detected that the return on the asset is worse than expected.

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment test show a recovery in the value of these assets. The book value of the assets whose recoverable amount increases must in no case exceed the book value that would have been determined had no impairment loss been recognised in prior years.

The recognition or reversal of impairment losses on assets are charged or credited to income under "Impairment and profit/(loss) obtained on the disposal of assets".

To calculate the recoverable amount of the assets subject to impairment tests, the present value of the net cash flows originating from the Cash Generating Units (CGUs) associated therewith was estimated, except those flows related with payments or collections on lending operations and corporation tax payments, together with those that arise from future improvements or refurbishments envisaged for the assets belonging to such Cash Generating Units. To discount cash flows, a pre-tax discount rate was used, which includes the current market assessments of the time value of money and the risks specific to each Cash Generating Unit.

The estimated cash flows are obtained from the projections made by the Directorate of each of the CGUs that generally use periods of five years, except when the business characteristics advise longer periods and that include growth rates supported by the different approved business plans, whose review is carried out periodically, generally considering zero growth rates for those periods beyond the years projected in the aforementioned plans. Also, it is necessary to indicate that sensitivity analyses are performed to assess the growth of income, operating margins, and discount rates, in order to foresee the impact of future changes in these variables.

Cash flows from CGUs located abroad are calculated in the functional currency used by those cash generating units and they are updated using discount rates that take into consideration the risk premium relating to each currency. The present value of the net cash flows obtained in this manner are translated at the year-end exchange rate for each currency.

f) Leasing

As indicated in Note 2.a, as a result of the application of IFRS 16 "Leases", as at 1 January 2019 all lease operations (with certain exceptions for small amounts or short durations) in which the Group acts as the lessee, require the accounting of an asset corresponding to the right in use, fundamentally recognised by nature as a material asset, and a liability for the future payment obligations that are

incurred. This liability is recognised at the present value of the future cash flows for each lease and the asset in an equivalent amount, adjusted for any early payment made.

A contract contains a lease when the lessor transfers control of an identifiable underlying asset for a certain period of time in exchange for a consideration. An asset is identifiable when it is explicitly specified in the contract or implicitly when it is made available to the client. However, if the supplier has the right to replace the asset during the period of use, that is, when it has alternative assets and can economically benefit from such substitution, the asset is not considered identifiable and therefore the contract will not contain a lease.

To estimate the duration of the contract, extensions that are reasonably expected to occur and the period in which the lessee does not expect to terminate the contract (when they have the power to do so) are considered, without exclusively taking into account the minimum term established in the contract, as the term during which the lessee expects to continue using the underlying asset, depending on its particular circumstances, is estimated. To determine whether an extension is expected to take place, the economic incentives that the lessee may have to extend the contract are taken into account, considering factors such as the existence of advantageous conditions compared to market conditions in case of an extension, if the lessee has incurred significant costs in adapting the underlying asset to its needs that it must reapply in case of contracting a new lease, any possible costs for the termination of the contract in case it is not extended or the importance of the asset to the lessee, especially if it is a specialised asset that is not readily available on the market. Furthermore, the background in terms of the period of use in the past of certain assets is also taken into account.

Subsequently, during the term of the lease contract, the right of use is systematically amortised and the financial expenses associated with the affected liability are recorded applying the amortised cost method.

When the Group acts as the lessor, income and expenses arising from operating lease agreements are charged to the profit and loss statement during the year they are accrued.

g) Investments accounted for using the equity method

The participation in joint ventures and associates is initially recognised at acquisition cost and is subsequently revalued to take into account the share with the profit/(loss) of these companies not distributed in the form of dividends. Also, the value of the investment is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their profit or loss. These include the conversion differences and the adjustments caused by changes in the fair value of financial derivatives of cash flow hedges acquired by the companies themselves.

They undergo an impairment test as long as there are indications of impairment that may reveal a decrease in the recoverable value below the book value of the investment, using both internal and external sources.

h) Financial assets

Financial assets are initially recorded at fair value, which is generally the same as their acquisition cost, adjusted for the operation costs directly attributable to it, except in the case of financial assets at fair value with changes in profit/(loss) that are attributed to that year's profit/(loss).

All acquisitions and sales of financial assets are recorded at the date of contracting the operation.

The Group manages its financial assets in order to obtain its contractual cash flows, so it values them according to the amortised cost method, that is, initial cost less principal charges plus accrued income based on its effective interest rate pending collection, adjusted for any recognised impairment loss. The effective interest rate consists of the rate that equals the initial cost of the total cash flows estimated for all the items throughout the remaining life of the investment. As an exception to the above, it should be noted that the Group values certain financial assets at fair value in the following cases:

- Financial assets at fair value with changes in profit/(loss): This category includes derivatives that do not meet the conditions to be considered as hedging, financial assets that other standards establish must be valued at fair value charged to profit/(loss), such as contingent considerations in business combinations and financial assets that, if valued differently, would generate an accounting asymmetry.
- Financial assets at fair value with changes in other comprehensive income: The Group values its interests in companies in which it does not have control, joint control or exert significant influence at fair value charged to reserves.

Financial assets at fair value have been recorded at fair value at the closing date of the financial statements. Fair value is understood as the value by which a financial instrument could be exchanged between informed and experienced parties in a free transaction (independent between third parties).

In the case of financial assets at fair value with changes in the profit/(loss), the profits or losses resulting from the change in fair value are attributed to the net profit/(loss) of the year, while financial assets at fair value with changes in other comprehensive income are attributed to equity, until the asset is disposed of, at which time the profit previously accumulated in equity will be included in that year's profit/(loss).

In assets that are valued at amortised cost, an impairment loss is recorded if, on the closing date of the financial statements, it is determined that credit losses will be incurred throughout their entire life. That is, impairment losses are recorded immediately when there is credit risk. Credit risk is understood as the risk of one of the parties to the financial instrument causing a financial loss to the other party if it breaches an obligation.

Collection rights arising from a service concession arrangement are valued according to the criteria indicated in section a) of this note.

Trade receivables arising in the Group's normal business activities are stated at their nominal value, given that they generally mature within twelve months, adjusted by any expected credit losses over the course of their lives. Accounts receivable with maturities greater than twelve months are valued at their current value.

The Group, based on the short-term cash flow needs, transfers credit from clients to financial entities. The amount of the aforementioned credit assignments is reported in note 15.a). These operations accrue interest under usual market conditions and the collection management is still carried out by the Group companies, although the costs associated with such management are residual.

To the extent that the risks and rewards inherent to the accounts receivable are substantially transmitted through these sales and assignments of collection rights, as well as the control over them, without there being any repurchase agreements signed between the Group companies and

the credit institutions that have acquired the assets and that they can freely dispose of said acquired assets without the Group companies being able to limit the aforementioned right in any way, the aforementioned sales and assignments are posted as "without recourse". Consequently, in accordance with the criteria established by IFRS, balances receivable from debtors assigned or sold under the conditions indicated are written off in the consolidated balance sheet.

i) Inventory

Inventory is valued at the average acquisition price or the average production cost, applying the necessary value corrections to adapt these values to the net realisable value if it were lower.

The Group's real estate activity includes land and plots, as well as ongoing developments and finished properties that are held for sale or for integration into a real estate development. The land and plots are valued at their acquisition price, increased by any urbanisation costs and other expenses related to their purchase (property transfer tax, registration fees, etc.) and the financial costs of their financing during execution of the works, or their recoverable amount if it were less.

Ongoing developments are the costs incurred in real estate development, or part thereof, whose construction has not been completed at the end of the business year. The cost of completed real estate developments is classified as finished products.

Impairment of land and plots, ongoing real estate developments and finished products is recorded when their net realisable value is lower than their book value (note 14).

The goods received through credit collection in exchange for work executed or to be executed are valued at the lowest amount from between the amount that was recorded for the credit corresponding to the goods received, or the cost of production or net realisable value.

j) Foreign currency

j.1) Conversion differences

In general, the financial statements of foreign operations denominated in currencies other than the euro have been translated to euros, with the exception of:

- Share capital and reserves, which were converted at historical exchange rates.
- The profit and loss statement items of foreign operations that were converted at the average exchange rates for the period.

Conversion differences for the foreign companies from the consolidation scope, generated by the application of the year-end exchange rate method, are included in the equity of the accompanying consolidated balance sheet, as shown in the accompanying statement of changes in the equity.

j.2) Exchange differences

The balances of accounts receivable and payable from monetary items in foreign currency are valued in euros by applying the exchange rates in force at the date of the consolidated balance sheet, allocating the differences that are generated to profit/(loss), except as regarding advances, which, when considered non-monetary items, are kept converted at the exchange rate that existed at the time of the transaction.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

Meanwhile, the exchange differences that occur in relation to the financing of investments in foreign companies, with both the investment and the financing being recorded in the same currency, are directly recognised in equity as conversion differences that offset the effect of the difference in conversion to euros of the foreign company.

k) Equity instruments

Equity or capital instruments are recorded for the amount received, net of direct issuance costs.

The treasury shares acquired by the Parent Company during the year are recognised at the value of the consideration given, as a decrease in equity. Any gains or losses on the purchase, sale, issue or redemption of own equity instruments are recognised directly in equity and never in the profit and loss statement.

l) Grants

Grants are recognised according to their nature.

l.1) Capital grants

Capital grants are those that involve the acquisition or construction of assets. These grants are measured at the amount received or the fair value of the asset received; they are recognised as deferred income on the liability side of the accompanying consolidated balance sheet and are taken to income as the asset or assets to which they relate are depreciated.

l.2) Operating grants

Operating grants are those other than those defined above that do not relate directly to an asset or group of assets. Operating income is considered the amount received at the time of its concession, except if it is granted to finance specific expenses, in which case its allocation to profit/(loss) will be made as those expenses accrue.

m) Provisions

The Group companies recognise provisions on the liability side of the accompanying consolidated balance sheet for present obligations arising from past events for which the companies consider it probable that there will be an outflow of funds to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate, at the date of the accompanying financial statements, of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value has an impact on financial profit/(loss).

Provisions for dismantling, removal or restoration and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. Profit or loss is affected when the asset concerned is depreciated as described in previous sections of this Note and by the discounted present value as described in the preceding paragraph.

In addition, some Group companies provide provisions for restructuring costs when there is a detailed formal plan for such restructuring that has been communicated to the affected parties. As at 31 December 2019 no liabilities of a substantial amount have been recognised for this item.

Provisions are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the normal operating cycle of the activity giving rise to the provision.

n) Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These financial liabilities are subsequently measured at amortised cost.

Borrowing costs are recognised on an accrual basis in the profit and loss statement using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months as non-current liabilities.

o) Financial derivatives and hedge accounting

A financial derivative is a financial instrument or another type of contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable that may not be financial.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign currency or interest rate risks or risks relating to the value associated with balances and transactions. Hedges are accounted for as follows:

- Cash flow hedges: in hedges of this type, the changes in value of the hedging instrument are recognised provisionally under equity, and are allocated in the profit and loss statement when the hedged item materialises.
- Fair value hedges: in this case, changes in the value of the hedging instrument are recognised in profit/(loss) by offsetting changes in the fair value of the hedged item.
- Hedges of a net investment in a foreign operation: this type of hedges are aimed at covering foreign currency risk and are treated as cash flow hedges.

IFRS 9 "Financial Instruments" states that an effectiveness test must be performed, consisting of a qualitative assessment of the financial derivative to determine whether it can be considered to be a hedging instrument and, therefore, effective.

The qualitative requirements that must be met are as follows:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- The effectiveness requirements must be met. This means that there is a financial relationship between the hedged item and the hedging instrument such that both generally move in opposite directions upon the occurrence of the hedged risk. Credit risk must not have a dominant effect on the changes in the value of the hedged items and the hedging ratio must be equivalent to the percentage of the exposure to the covered risk.

The hedge is considered to be fully effective provided that the qualitative effectiveness test shows that it complies with those criteria. If not, the hedge would cease to be treated as a hedge and the hedge relationship would cease, recognising the derivative at its fair value through changes in profit or loss.

A quantitative analysis that will determine how the instruments are recognised takes place after their effectiveness has been assessed. This quantitative analysis consists of a retrospective portion for purely accounting purposes and another prospective portion intended to analyse any possible future deviations relating to the hedge.

The retrospective assessment analysis is adapted to the type of the hedge and the nature of the instruments used, and all of the financial derivatives entered into by the Group consist of cash flow hedges (Note 22):

- In the case of interest rate swaps (IRSs) in Cash flow hedges, the Group charges a variable rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test determines whether changes in the fair value of the IRS cash flows offset changes in the fair value of the hedged risk.

The hypothetical derivative method is used for accounting purposes when performing the quantitative assessment of effectiveness, which establishes that the company will recognise in equity the lower of the absolute change in the value of the hypothetical derivative (hedged position) and the change in the value of the arranged derivative. The difference between the value of the recognised change in equity and the fair value of the derivative on the date of the effectiveness test will be considered to be the ineffective portion and it will be directly recorded in the profit and loss statement.

A distinction must be made between the designated portion and the non-designated portion of cash flow hedges in which the derivative hedge instrument is an option or a forward and not an IRS:

- o The treatment of the designated portion will be similar to that indicated for IRSs.
- o The fair value of the non-designated portion (forward points or the temporary value of the options) will be recognised in other comprehensive profit/(loss) when related to the hedged portion and will be accumulated in a separate component of equity. This amount will be reclassified from the separate component of equity to the income statement for the period as a reclassification adjustment in the same period or periods in which the expected future cash flow hedges affect profit/(loss) for the period (for example, when a planned sale takes place).

Changes in the fair value of financial derivatives that do not qualify for hedge accounting are recognised in the consolidated profit and loss statement as they arise.

The value is calculated using defined methods and techniques based on observable market inputs, such as:

- The interest rate swaps were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon rate curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon rate curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met,

the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black - Scholes model was used.

- The methodology used in the case of a cash flow hedge derivative associated with inflation is very similar to that used for interest rate swaps. Expected inflation is estimated based on observed inflation and is embedded in the swaps indexed to the ex-tobacco European inflation rate used in the market, and translated to the Spanish rate using a convergence adjustment.

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, given different interest rate increase and decrease scenarios at year-end (Note 29).

Note 22 to this Report provides details of the financial derivatives that the Group has arranged and other matters related thereto.

p) Corporation Tax

The expense for corporation tax is calculated on the basis of the consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit/(loss). The corresponding tax rate based on the legislation applicable to each country is applied to this adjusted accounting profit. The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge.

The temporary differences between accounting profit/(loss) and taxable profit for Income >Tax purposes, together with the differences between the book values of assets and liabilities recognised in the consolidated balance sheet and their tax bases, give rise to deferred taxes that are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably be reversed, without performing financial discounting at any time.

The Group activates deferred asset taxes corresponding to temporary differences and negative tax bases to be offset, except in cases where there are reasonable doubts about their future recovery.

q) Pension commitments

The Group companies have certain specific cases related to pension plans and similar obligations that are developed in note 24 of this Report.

r) Operating income and expenses

Revenue is recognised when the control of the good or service is transferred to the client, in general, only when there is approval from the client applying a homogeneous method to contracts of a similar nature. Revenues are valued at the expected amount of the consideration that is to be received that can be estimated reliably and that is not expected to be reversed in the future. After analysing its portfolio of contracts, the Group has concluded that, except in very specific cases, there is no more than one performance obligation in the contracts being executed, since either integration services are provided for the different activities carried out, or because they are highly interrelated.

As regards variable consideration, only one income is recognised for the value, and it is highly probable that it will not suffer significant reversion when the uncertainty about it is subsequently resolved. Also, in the case that the contracts include price revision clauses, the income that

represents the best estimate of the amount to be charged in the future and under the same probability criteria mentioned for the variable consideration is recorded.

In general, the Group has not identified significant financial components in its contracts with clients. The financial component is only separated from the consideration to be received and the corresponding financial income is recorded in those contracts in which the time between when a service is provided or a good is delivered and when the payment is received is greater than twelve months.

In the construction activity, performance obligations are paid over time, so revenue is recognised using a product-based method, i.e. that is in-line with the degree of progress criterion. Only income that is protected by a main contract signed with the property and in modifications thereto approved by it is recognised. If the modification is approved without the amount being fixed, the income is only estimated as a variable consideration when the criteria of probability and significant non-reversal mentioned above are met. Budgeted losses are recognised as profit/(loss) for the year.

Meanwhile, in this activity the costs are recognised in accounts according to their accrual. The costs for obtaining the contract, mainly related to the study and preparation of the project, are not activated as they cannot be considered as incremental, since they are incurred regardless of whether the contract is finally obtained or not. Two main costs for fulfilling the contract can be distinguished: engineering and study costs and those related to general and specific facilities (mainly accessory facilities such as concrete plants, auxiliary works or building booths necessary to provide the services). The main contracts in which the aforementioned expenses are incurred are of the design and construction type, in which the remuneration to be received for the work to be carried out in engineering and studies and those of the benefit is identified by separate work units of construction services. Therefore, in general, the expenses derived from engineering and studies are not activated and are recognised in accordance with their accrual as services are rendered. Costs related to the general and specific facilities are recorded as expenses according to the degree of progress when a separate works unit with its corresponding remuneration is identified in the contract, and assets are only activated within the heading when the contract does not identify them separately, and profit/(loss) is charged together with the rest of the contract costs using the aforementioned degree of progress.

In the service provision activities, which are mainly carried out in the Environmental Services and Integral Water Management services, revenues and expenses are allocated based on the accrual criterion, that is, when the actual flow of goods and services that they represent occur, regardless of when the monetary or financial flow derived from them occurs. These are performance obligations that are satisfied over time as the client receives and consumes the profits at the same time as the service is provided. Consequently, revenue is recognised by measuring the value of the services actually provided to the client using a product-based method.

Regarding the delivery of goods activities that the Group mainly carries out in the Cement segment and in the Real estate activity, revenues are only recognised when the goods have been delivered and their property has been transferred to the client, as they are performance obligations that are satisfied at a specific moment of time.

In the aforementioned activities (other than construction), the costs of obtaining the contract are not incremental, so they are not activated and are recognised based on their accrual. Meanwhile, no relevant contract fulfilment costs are incurred and are therefore recorded as operating expenses in general.

In relation to the service concession arrangements, it must be noted that the Group recognises the interest deriving from collection rights under the financial model as revenue, since the value of that

financial asset includes the construction, upkeep and maintenance services that are identical, from an operating standpoint, to those set out in the intangible model and, consequently, it is considered that since both models are related to the company's operating activity, the faithful image is best represented by encompassing the income derived from the financial asset as belonging to the operation (note 3.a).

Also recognised as operating profit/(loss) are those produced in the disposals of shares in subsidiaries when it implies the loss of control over them.

s) Related-party transactions

The Group performs all of its transactions with related parties on an arm's length basis.

Note 30 of this Report details the main transactions with significant shareholders of the Parent Company, with administrators and senior executives, between companies or Group entities and with companies invested in by shareholders of the Group.

t) Consolidated statement of cash flows

The FCC Group prepares its statement of cash flows in accordance with IAS 7 "Statement of cash flows" following the indirect method, using the expressions below in the following ways:

- Cash flows are the inflows and outflows of cash and cash equivalents.
- Operating activities are the activities that constitute the main source of the company's ordinary income, as well as other activities that cannot be classified as investment or financing activities. Among the operating cash flows, it is worth highlighting the heading "Other adjustments to profit/(loss)" which basically includes items that are included in the Profit/(Loss) Before Tax but have no impact on the change in cash, as well as items that are already included in other headings of the Cash Flow Statement according to their nature.
- Investment activities are the acquisition and disposal of long-term assets, as well as other investments not included in cash and cash equivalents.
- Financing activities are the activities that generate changes in the size and composition of own capital and loans taken by out the company.

For the purposes of preparing the consolidated statements of cash flows, the "cash and cash equivalents" have been considered as cash and on-demand bank deposits, as well as those short-term, highly liquid investments, which are easily convertible into specific amounts of cash, subject to an insignificant risk of changes in their value.

u) Use of estimates

In preparing these 2019 and 2018 Group consolidated financial statements, estimates were made to quantify certain assets, liabilities, revenues, expenses and obligations recognised therein. These estimates relate essentially to the following:

- Impairment losses on certain assets (Notes 6, 7 and 8)
- Goodwill measurement (note 6)
- The recoverability of the work executed pending certification (notes 3.r and 15)
- The recoverability of deferred tax assets (Note 23)
- The amount of certain provisions and, in particular, those related to claims and litigation

and the losses budgeted in construction contracts (note 18)

- The useful life of the property, plant and equipment as well as intangible assets and real estate investments (notes 6, 7 and 8).
- The determination of the recoverable amount of inventory (note 14)
- The assumptions used in the actuarial calculation of liabilities and commitments for post-employment compensation (notes 18 and 24)
- The market value of derivatives (note 22)
- Cost of business combinations (note 4)

Although these estimates have been made based on the best information available at the date of preparing these consolidated financial statements on the events analysed, it is possible that events that may take place in the future may require them to be modified (upwards or downwards) in future years, which would be done prospectively, recognising the effects of the change in estimate in the corresponding future financial statements.

IFRS 7 "Financial instruments: information to be disclosed" requires that the fair value valuations of financial instruments, both assets and liabilities, be classified according to the relevance of the variables used in such valuation, establishing the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than prices quoted that are observable for the financial instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: data for the financial instrument that are not based on observable market data.

Almost all of the Group's financial assets and liabilities, which are valued at fair value, are level 2.

4. CHANGES IN THE SCOPE OF CONSOLIDATION

The main changes experienced in the scope of consolidation in 2019 are the following:

a) Business combinations

- In January 2019, two partner agreements were signed in relation to the consolidated that, until then, had been consolidated under the equity method - Shariket Tahlya Mostaganem, S.p.a. and Shariket Miyeh Djinet, S.p.a. - under which, the Group now holds control over the former and no longer has a significant influence on the latter. As a result, Shariket Tahlya Mostaganem, S.p.a. is now consolidated under the global consolidation method and the holding in Shariket Miyeh Djinet, S.p.a. is now considered a financial asset at fair value. These transactions have resulted in a net loss of 6,122 thousand euros being recognised under "Profits/(losses) of companies accounted for by the equity method" following the allocation of the negative conversion differences accumulated in equity to profit and loss and the positive impact resulting from the fair value adjustment of shares prior to the transaction. Furthermore, "Other collections/(payments) from investment activities" in the Statement of Cash Flows includes 43,337 thousand euros corresponding to the cash that Shariket Tahlya Mostaganem, S.p.a. presented in its balance sheet at the time of the takeover. This operation resulted in the recognition of 136,998 thousand euros under the heading "Non-controlling interests" (Note 17).
- In June 2019, FCC Aqualia, S.A. acquired 100% of the French subgroup Services Publics et Industries Environnement, dedicated to the management of water supply and sanitation for the sum of 31,665 thousand euros, with the impact recorded under "Payments for investments" on the accompanying Statement of Cash Flows. As part of this business combination, a first

consolidation difference of 24,234 thousand euros was disclosed, which has been fully allocated to the subgroup's concession-related assets.

- In November 2019, FCC Construcción, S.A. acquired an additional 17% of the share capital of Cedinsa Concessionària, S.A., in which it previously held significant influence, for an amount of 57,955 thousand euros of which it previously held 34%, recording the disbursement under the heading "Payments for investments" of the accompanying Statement of Cash Flows. As a result of the aforementioned operation and the agreement of partners that was signed, the Group has taken control, so in application of the regulations it has recorded a positive result of 36,588 thousand euros under the heading "Profit/(loss) of companies accounted for using the equity method", as a consequence, on the one hand, of the fair value of the participation that it previously held that has meant an income of 78,647 thousand euros and, on the other hand, of the allocation to profit/(loss) of the corresponding valuation adjustments to the participation of 34% prior to the business combination, which has resulted in the recording of a loss of 42,059 thousand euros.

The composition of the balance sheets drawn up by the business combinations in 2019 is detailed below:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Non-current assets	1,377,700	175,152	36,132
Intangible assets	1,058,395	-	32,051
Property, plant and equipment	535	92	4,081
Investments accounted for using the equity method	-	-	-
Non-current financial assets	232,451	175,060	-
Deferred tax assets	86,319	-	-
Current assets	105,724	62,622	28,008
Inventory	-	229	509
Trade and other receivables	29,748	18,955	13,683
Other current financial assets	15,789	-	4,029
Other current assets	692	101	329
Cash and cash equivalents	59,495	43,337	9,458
Total assets	1,483,424	237,774	64,140
Equity	281,723	167,362	31,655
Non-current liabilities	1,134,890	53,519	9,932
Grants	67,710	-	317
Non-current provisions	52,590	82	850
Non-current financial liabilities	907,710	52,773	578
Deferred tax liabilities	106,880	664	8,187
Other non-current liabilities	-	-	-
Current liabilities	66,811	16,893	22,553
Current provisions	49,574	10,255	-
Current financial liabilities	10,166	40	149
Trade and other accounts payable	7,071	6,598	22,404
Total equity and liabilities	1,483,424	237,774	64,140

As a result of the aforementioned business combinations, the fair value of the acquired assets has been determined, as all of these companies operate concessions, the fair value of the concession-based assets has been determined applying the discount at a market rate for the cash flows estimated during the time horizon of the concessions currently in force. These flows have been

estimated internally based on the Group's past experience, based, as applicable, on the Financial and Economic Plans of the concessions, applying the assumptions and appropriate macroeconomic variables in each case. The following table shows the amounts allocated to assets and liabilities to reflect their fair value on the takeover date:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Intangible assets	261,622	-	31,953
Property, plant and equipment	-	-	-
Non-current financial assets	28,501	29,232	-
Total assignments to assets	290,123	29,232	31,953
Non-current liabilities (deferred tax liabilities)	63,044	-	8,187
Total assignments to liabilities	63,044	-	8,187
Total net assignments	227,079	29,232	23,766

The reconciliation between the consideration transferred for each of the above business combinations, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Acquisition value	57,955	-	31,655
Fair value non-controlling interests acquired	119,450	124,687	-
Fair value previous interest	104,318	42,675	-
-Fair value net assets	(281,723)	(167,362)	(31,655)
Goodwill	-	-	-

The previously listed business combinations have contributed ordinary income and profit/(loss) to the following accompanying consolidated profit and loss statement:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Revenue	14,600	31,357	11,798
Other income	649	-	11
Operating Profit/(Loss)	4,911	15,441	1,768
Profit/(loss) before tax from continuing operations	(879)	14,007	1,771
Profit attributable to the parent company	(377)	3,572	925
Non-controlling interests	(362)	10,435	-

If the above companies had been consolidated since 1 January 2019, the ordinary income and profit/(loss) they would have contributed would be as follows:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Revenue	135,160	31,357	19,027
Other income	1,942	-	310
Operating Profit/(Loss)	54,450	15,441	2,260
Profit/(loss) before tax from continuing operations	17,184	14,007	2,267
Profit attributable to the parent company	6,419	3,572	1,123
Non-controlling interests	6,168	10,435	-

In any case, these initial estimates are provisional and the Group has a period of one year in which to adjust them should more relevant and comprehensive information be obtained at a later date.

b) Other changes in scope

During April 2019, FCC Aqualia, S.A. acquired a 49% interest in the subsidiary AquaJerez, S.L., in which it already held a 51% interest, for the sum of 55,557 thousand euros, 28,858 thousand euros as a payment for shares and 26,699 thousand euros as a payment for participatory loans held by the seller. As this transaction involved non-controlling interests, the difference between the acquisition price and the value of the net assets acquired was recognised directly against equity, entailing a decrease of 17,311 thousand euros in reserves in the Group's consolidated financial statements (Note 17), having recognised the cash outflow under the heading "Proceeds from/(payments on) equity instruments" for the part corresponding to the shares and under the heading "Proceeds from/(payments on) financial liabilities" for the part corresponding to the participatory loans acquired from the accompanying Statement of Cash Flows.

Below are some of the major operations from 2018:

- On 28 September 2018, the sale of a 49% non-controlling interest in FCC Aqualia, S.A. to the IFM Global Infrastructure fund was finalised for the sum of EUR 1,024 million, received on the same day, with the Group maintaining its controlling interest. The sale was recognised as an equity transaction and had a positive impact on reserves in 2018 of 789,054 thousand euros given the difference between the sale price and the book value of the stakeholding that was disposed of (Note 17), which has been recognised against "Proceeds from/(payments on) equity instruments" in the accompanying Statement of Cash Flows.

Additionally, the sales agreement contemplated certain variable prices that depend on the resolution of contingent procedures relating to FCC Aqualia. The Group, therefore, has not recognised any asset given its contingent nature; likewise, it has not recognised any liability for claims that may arise against its interests, as it is not considered probable that significant losses will be incurred and given that their value is considered insignificant in relation to the transaction price.

As part of the transaction, FCC Topco S.a.r.l. and its subsidiary FCC Midco, S.A. were constituted, contributing shares representing 10% of the Group's shares in FCC Aqualia to the latter. These shares have been pledged as a guarantee of certain obligations assumed by the Group before FCC Aqualia, mainly in relation to the repayment of the loan that the latter has granted to the Parent Company of the Group. The Group considers that there is no risk of execution of these guarantees on the date that these consolidated financial statements were prepared.

- Furthermore, in January 2018, the acquisition of a 49% interest in Aqualia Czech, S.L. and Aqualia Infraestructuras Inzenyring, s.r.o. from MIT Infrastructures Europe, Ltd. was completed for the sum of 92,500 thousand euros, with the Group assuming control of 100% of these companies. As the Group already had control over both investees, the difference between the purchase price and the book value of the non-controlling interests acquired generated a negative difference in reserves of 59,509 thousand euros, while in the Statement of Cash Flows, the disbursement was recorded under the heading "Proceeds from/(payments on) equity instruments".
- In November 2018, Realia Business, S.A. approved a capital increase for an effective amount of 149,139 thousand euros equivalent to the issuance of 175,457,742 new shares. At year-end, the Group resorted to the aforementioned expansion by disbursing 55,469 thousand euros representative of 62,242,618 new shares, recording the disbursement under the heading "Payments due to investments" of the accompanying Statement of Cash Flows. As a result of the aforementioned expansion, the Group's effective participation in Realia has risen to 37.05%. On 3 January 2019, the CNMV admitted to listing the new shares put into circulation as a result of the improvement of the operation.

5. DISTRIBUTION OF PROFIT

Fomento de Construcciones y Contratas, S.A. distributed a flexible dividend (scrip dividend) in 2019, which led to a cash outflow of 9,566 thousand euros and the delivery of 13,439,320 shares (note 17), after not having distributed any amount in 2018. Additionally, certain subsidiaries with non-controlling partners distributed dividends, resulting in a payment to said non-controlling partners in both years.

The following table shows the dividends paid to its shareholders by the Group companies as at 31 December 2019 and 2018:

	2019	2018
Shareholders of Fomento de Construcciones y Contratas, S.A.	9,566	-
Other non-controlling shareholders of other companies	62,023	6,329
	71,589	6,329

The increase in the line "Other non-controlling shareholders of other companies" mainly addresses the distribution of dividends to the non-controlling partner by the subsidiary company FCC Aqualia, S.A. according to their participation of 44,100 thousand euros in 2019.

6. INTANGIBLE ASSETS

The breakdown of net intangible assets at 31 December 2019 and 2018 is as follows:

	Cost	Accumulated depreciation	Impairment	Net Equity
2019				
Concessions (note 10)	3,680,629	(1,249,755)	(56,254)	2,374,620
Goodwill	1,893,895	-	(870,384)	1,023,511
Other intangible assets	359,776	(285,106)	(14,403)	60,267
	5,934,300	(1,534,861)	(941,041)	3,458,398
2018				
Concessions (note 10)	2,249,398	(902,183)	(58,411)	1,288,804
Goodwill	1,858,006	-	(779,516)	1,078,490
Other intangible assets	357,148	(283,659)	(14,403)	59,086
	4,464,552	(1,185,842)	(852,330)	2,426,380

a) Concessions

The changes in this heading of the consolidated balance sheet in 2019 and 2018 were as follows:

	Concessions	Accumulated Depreciation	Impairment
Balance at 31/12/17	2,198,754	(804,412)	(59,460)
Receipts or endowments	26,202	(88,005)	(2,073)
Release, removals and transfers	(2,570)	1,866	936
Conversion differences	7,642	(4)	-
Change in scope, transfers and other changes	19,370	(11,628)	2,186
Balance at 31/12/18	2,249,398	(902,183)	(58,411)
Receipts or endowments	34,255	(100,204)	-
Release, removals and transfers	(8,614)	7,216	1,080
Conversion differences	22,806	(1,309)	-
Change in scope, transfers and other changes	1,382,784	(253,275)	1,077
Balance at 31.12.19	3,680,629	(1,249,755)	(56,254)

This heading includes the intangible assets corresponding to the service concession arrangements (note 10).

The most significant entries for 2019 within the Environmental Services segment correspond to Ecoparque Mancomunidad del Este S.A. for 17,215 thousand euros (3,274 thousand euros in 2018), FCC (E&M) LTD., for 3,696 thousand euros (6,431 thousand euros in 2018), Acque di Caltanissetta, S.P.A. for 4,403 thousand euros (5,476 thousand euros in 2018) and concessions operated by FCC Aqualia, S.A. for 4,917 thousand euros (9,716 thousand euros in 2018) within the Integral Water Management segment.

There were no significant derecognitions in 2019 and 2018.

The "changes in scope, transfers and other movements" in the 2019 service concession agreements include 1,308,395 thousand euros of gross value and 250,000 thousand euros of accumulated amortisation as a result of the takeover of the Cedinsa subgroup (notes 4 and 10).

The inputs and derecognitions that have led to a cash outflow or entry are recorded in the accompanying statement of cash flows as "Payments due to investments" and "Collection due to divestments" of "Property, plant and equipment, intangible assets and real estate investments", respectively.

In 2019, interest was capitalised for 381 thousand euros (no interest was capitalised in 2018) and total capitalised interest amounted to 43,540 thousand euros (43,159 thousand euros in 2018).

b) Goodwill

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2019 and 2018 was as follows:

	2019	2018
Cementos Portland Valderrivas, S.A.	439,386	509,397
FCC Environment Group (UK)	306,745	291,752
A.S.A. Group	136,793	136,793
FCC Aqualia, S.A.	82,764	82,764
FCC Ámbito, S.A.	23,311	23,311
FCC Industrial e Infraestructuras Energéticas, S.L.U.	21,499	21,499
Canteras de Aláiz, S.A.	4,332	4,332
Cementos Alfa, S.A	3,712	3,712
Rest	4,969	4,930
	1,023,511	1,078,490

The movements of goodwill in the accompanying consolidated balance sheet in 2019 and 2018 were as follows:

Balance at 31/12/17		1,083,740
Exchange differences, change in consolidation scope and others:		
FCC Environment Group (UK)	(2,250)	
Rest	<u>(1,262)</u>	<u>(3,512)</u>
Impairment losses:		
ASA Group	<u>(1,738)</u>	<u>(1,738)</u>
Balance at 31/12/18		1,078,490
Exchange differences, change in consolidation scope and others:		
FCC Environment Group (UK)	14,993	
Rest	<u>39</u>	<u>15,032</u>
Impairment losses:		
Grupo Cementos Portland Valderrivas (note 26)	<u>(70,011)</u>	<u>(70,011)</u>
Balance at 31.12.19		1,023,511

In the item "Change in the scope, conversion differences and other movements", the effect of the appreciation of the pound against the euro in the FCC Environment (UK) subgroup in 2019 is noteworthy, which represents an increase of 14,993 thousand euros (compared to a decrease of 2,250 thousand euros in 2018) of its associated goodwill.

The impairment analysis policies applied by the Group to its goodwill are described in note 3.b). In accordance with the methods used and in accordance with the estimates, projections and valuations available to the Group Management, there have been no indications that could entail additional losses of value to those shown in the table above.

The most significant aspects of the estimates made and the sensitivity analysis in the impairment tests of goodwill were as follows.

It should be noted that in the preparation of the following impairment tests, cash flows were estimated based on the best estimates of the Group's Management and that upward or downward changes in the key assumptions contemplated, both in the discount rate and in the operating margins, among other factors, may affect the recoverable amount of the cash generating unit considered.

Cementos Portland Valderrivas

The goodwill consists of two separately identifiable goodwills recorded in the individual books of Cementos Portland Valderrivas, S.A.:

- goodwill originating from the merger by absorption of the parent of the Corporación Uniland group and some of its subsidiaries for an amount of 325,881 thousand euros,
- 113,505 thousand euros corresponding to the cash generating unit (CGU) constituted by the Alcalá de Guadaira factory.

The main hypotheses used in each of the impairment tests of the two previous CGUs are described below:

1) Corporación Uniland

Cementos Portland Valderrivas, S.A. acquired a 51.04% stake in the Corporación Uniland Group in August 2006. This contract included an option of sale in favour of the seller for an additional 22.50%, exercisable in 5 years. A part of the representative option of 2.18% was materialised in December 2006. The total acquisition price amounted to 1,144,134 thousand euros.

In subsequent years, additional shares were acquired through the exercise of the aforementioned sale option (20.32%) for a total amount of 432,953 thousand euros. Finally, in 2013, a swap operation was carried out in which the Cementos Leona participation was delivered in exchange for obtaining the non-controlling share owned by the Irish cement group CRH. As a result of this operation, 100% of the stake in Uniland was obtained, with the operation being valued at 321,886 thousand euros. The total cost of the 100% of the participation in Uniland was therefore 1,898,973 thousand euros.

The previous additional acquisitions had a negative impact on reserves of 177,292 thousand euros due to the application of the new IFRS 3 as at its entry into force in 2009. In 2011, there was an impairment of the goodwill associated with the previous purchases for the amount of 239,026 thousand euros as a result of the strong contraction of the market in the cement sector, which was not expected to recover in the short or medium term. In 2016, there was an additional impairment of 187,191 thousand euros.

As previously mentioned, the parent of the Corporación Uniland group and some of its subsidiaries were absorbed by Cementos Portland Valderrivas, S.A. and, as a result, its goodwill is recorded in the individual accounts of the latter.

The impairment test was updated in 2019, recording an impairment of 70,011 thousand euros. The key hypotheses used in the impairment test are detailed below.

Given that Uniland operates in two clearly differentiated geographic markets, different pre-tax discount rates were used to evaluate the flows from each one, 7.32% in the case of Spain, and 17.07% in the case of Tunisia.

The Cementos Portland Valderrivas group bases its cash flow forecasts on historical data and on both internal future forecasts and future forecasts by external sector organisations. The flows were updated in 2019 according to the business plan for the 2020-2029 period that serves as the basis for the calculation of the impairment tests.

In the short term, the forecasts are made according to estimates of cement consumption of Oficemen, the employer association of the sector and internal estimates. For the medium and long term, the projections are prepared according to external projections of macroeconomic data on inflation and GDP (Bank of Spain, Funcas, Statista, etc.) and historical developments.

The costs are estimated based on the expected inflation, the performance expectations of the price of fuels and the electricity market, and the strategy of increasing the valuation of alternative fuels.

According to information from Oficemen, the employer association of the cement sector in Spain, cement consumption in 2019 closed at 14.2 million tons, 5.9% more than in 2018. Despite closing the year positively, cement consumption halved its growth rate in the second half, largely due to the slowdown in the real estate market. It is estimated that this slowdown situation will continue in 2020, a year that is expected to close with a growth in cement consumption of around 2%, with flatter growths than those initially planned.

Based on the historical information of the last 50 years in the cement industry, it is considered that the term that best reflects the life cycle of the cement market is ten years, a period used in the projections made.

For the Spanish market, the residual value assumed in the flow projections is calculated based on consumption considered sustainable, which is around 20-25 million tons, with no growth in perpetuity. The main inputs used for the determination of these consumer ranges are consistent with historical and expected series of relative weights of public works on GDP in Spain, as well as with the forecasts of the number of approvals for new housing that have been considered as standardised levels according to different sector reports. The cyclical nature of the sector is considered in this value, assuming that this level of long-term sustainable consumption would be the average of one cycle, in which the years of higher consumption would be offset by those with a lower consumption. The sustainable residual value considered is at the intermediate point of the values of the last five years of the updated projections according to less rapid growth.

Estimates of cash flows made with these new hypotheses of slowing consumption of consumption in Spain, with a somewhat slow recovery, the greater environmental pressures that impact on the allocation policy of emission rights and the increase in the discount rate considered, have resulted in the need for the aforementioned impairment of goodwill amounting to 70,011 thousand euros.

For the Tunisian market, in 2020 it is estimated that the national cement market will remain stable at around 6.5 million tons after the 9% drop that occurred in 2019 compared to 2018. The strategy of volume growth via export to international destinations and the consolidation of price increases made in recent years is maintained.

The change of the working capital contemplated in the analysis for each year remains stable in its calculation mode, being linked to the general performance of the unit analysed.

The performance of investments is also linked to the general development of the activity analysed, with higher levels of investments supported by the improvement of flows in the projected years. The value of the investments reflected in the perpetuity rate shows the value that the company estimates should be the objective of investments to be made in order to maintain the productive activity at the required sustainable level.

The main variables used in the test are the following:

- Discount period of joint flows for Uniland Spain and Tunisia: 2020 to 2029
- Discount rate before taxes: 7.32% (Spain) and 17.07% (Tunisia)
- Growth in perpetuity: 0%
- Residual value on the recoverable amount of the CGU as a whole: 46.2 %
- Annual compound growth rate (in euros) Cement Market Spain:
 - o National market turnover (without CO2): 5.6%
 - o Export market turnover: -4.7%
 - o Gross Operating Profit: 7.1%
- Annual compound growth rate (in dinars) Cement Market Tunisia:
 - o Total revenue: 8.1%
 - o Export market turnover: 4.1%
 - o Gross Operating Profit: 6.6 %

The result of this test is sensitive to changes in the key hypotheses; a 10% increase in projected flows would result in an excess over the already impaired value of approximately 80,359 thousand euros and a 10% decrease would result in an additional impairment of around 80,245 thousand euros. Likewise, a 10% increase in the discount rate considered would mean an additional impairment of around 69,769 thousand euros and a 10% decrease in excess of the already impaired value of approximately 84,098 thousand euros.

However, the Group Management considers that the recorded impairment has adjusted the goodwill value to its fair value according to the best estimates available to date.

2) Alcalá de Guadaira

The cement demand forecasts and the sector expectations, at the national level, described above for the Corporación Uniland goodwill are equally applicable to Cementos Atlántico.

The Alcalá de Guadaira factory continues to benefit from its geographical location to offset the decrease in the volume of the national market with a greater volume of exports.

The main variables used in the test are the following:

- Discount of flows period: 2020 to 2029
- Discount rate before taxes: 7.32 %
- Growth in perpetuity: 0%
- Residual value on recoverable amount of the CGU: 66.6 %
- Annual compound growth rate:
 - o Total revenue: 5.8 %
 - o Gross Operating Profit: 14.4 %

The Cementos Atlántico goodwill test supports up to a pre-tax discount rate of approximately 11.83%. Meanwhile, it would support an annual drop in cash flows of approximately 33% compared to projected flows.

Based on the foregoing, the company considers that the sensitivity of the impairment test allows deviations significant enough to not identify the impairment of the value of the assets affected by the CGU.

FCC Environment group (UK) before WRG group

The FCC Group acquired 100% of the stake in the FCC Environment (UK) group in 2006 for an investment cost of 1,693,532 thousand euros in 2006.

From the moment of its acquisition, the Group considers the FCC Environment (UK) subgroup as a single cash generating unit (CGU), with the goodwill recorded in the balance sheet associated exclusively with such CGU.

It should be noted that in 2012 there was an impairment of goodwill amounting to 190,229 thousand euros as a result of the decrease in cash flows of its activities due to changes in its calendar and amount. On the other hand, in 2013 there was an additional impairment of goodwill amounting to 236,345 thousand euros, mainly as a result of the decrease in the volume of tons treated in landfills. Finally, in 2014 there was an impairment of the items of property, plant and equipment affected by landfill activity amounting to 649,681 thousand euros.

After the writedowns made and the changes derived from the profits/(losses) and equity movements of FCC Environment (UK), the consolidated book value at 31 December 2019 amounts to 557,040 thousand euros (519,599 thousand euros at 31 December 2018).

After the restructuring of the activity carried out in previous years, FCC Environment (UK) has reached a path of continued profitability, attaining sustained benefits over time, loosely fulfilling its budget and business plan both in 2018 and in 2019.

The cash flows considered in the impairment test take into account the current status of the CGU, making the best estimates of future flows based on the mix of activities expected in the future. The relative weight of the different activities will vary as other waste treatment alternatives are promoted, mainly recycling and recovery, which is currently being carried out by the subgroup, offsetting the progressive abandonment of landfill activity.

The main hypotheses used contemplate a slight decrease in revenues of around 2% in 2020 to subsequently experience average increases of around 3%, with the exception of 2023, in which there is an increase of around 15% as a result of the contract of the Lostock energy recovery plant, currently under construction, which will be fully operational. The gross operating margin moves from 26.1% to 19.7%, considering more conservative market hypotheses in recent periods. The pre-tax discount rate used was 6.43% with a 10-year time line used from estimates given the structural characteristics of the business and the long useful life of the assets. A growth rate of 1% has been considered in the calculation of perpetual income. The current value of perpetual income represents 61.6% of the total recoverable value. The result of the test renders an excess of the recoverable value over the book value of the cash generating unit of 1,037,883 thousand euros, supporting an increase of approximately 890 basis points without incurring impairment. A 10% decrease in the current value of cash flows would reduce the excess to 875,712 thousand euros. If a zero growth rate had been considered, the aforementioned excess would have decreased to 826,132 thousand euros.

Note 3.e) of these financial statements establishes that the general criteria is not to consider perpetual income growth rates, but in the case of the FCC Environment (UK) subgroup, given the transformation that is happening in the mix of activities, it was considered that a growth rate of 1% more faithfully reflected the reality of the business within the framework of the change that is taking place in the United Kingdom in the waste treatment activity, with a drastic drop in waste management in landfills and an increase in alternative waste treatment activities that are expected to be sustained over an extended period of time. This growth rate is lower than what comparable companies are applying for similar activities in the United Kingdom.

Also, given the slack time shown in the impairment test, and given that the main assets and liabilities of the business are referenced in the same currency (pound sterling), no impairment should arise as a result of the potential UK exit process from the European Union, Brexit, (note 29.h).

c) Other intangible assets

The changes in this heading of the consolidated balance sheet in 2019 and 2018 were as follows:

	Other intangible assets	Accumulated Depreciation	Impairment	Net value
Balance at 31/12/17	340,492	(259,534)	(14,332)	66,626
Receipts or endowments	11,294	(21,349)	(115)	(10,170)
Release, removals and transfers	(1,283)	487	44	(752)
Conversion differences	3,433	367	-	3,800
Change in scope, transfers and other changes	3,212	(3,630)	-	(418)
Balance at 31/12/18	357,148	(283,659)	(14,403)	59,086
Receipts or endowments	20,970	(18,173)	(2)	2,795
Release, removals and transfers	(19,677)	19,440	2,522	2,285
Conversion differences	459	(409)	-	50
Change in scope, transfers and other changes	876	(2,305)	(2,520)	(3,949)
Balance at 31.12.19	359,776	(285,106)	(14,403)	60,267

This heading mainly includes:

- amounts paid to public or private entities as a fee for the award of contracts that do not have the classification of concessions, within the scope of IFRIC12 "Service concession arrangements", mainly from the Environmental Services Area,
- the amounts recorded in the initial recognition of certain business combinations representative of concepts such as client portfolios and contracts in force at the time of purchase,
- quarry mining rights for the Cement Area and
- software applications.

7. PROPERTY, PLANT AND EQUIPMENT

The net detail of property, plant and equipment at 31 December 2019 and 2018 is as follows:

	Cost	Accumulated amortisation	Impairment	Net value
2019				
Land and buildings	1,607,091	(483,755)	(66,835)	1,056,501
Land and natural resources	677,323	(154,057)	(50,552)	472,714
Buildings for own use	929,768	(329,698)	(16,283)	583,787
Plant and other items of property, plant and equipment	7,804,524	(5,358,461)	(638,672)	1,807,391
Plant	4,844,195	(3,251,438)	(621,335)	971,422
Machinery and vehicles	2,176,843	(1,609,165)	(14,276)	553,402
Advances and fixed and non-current assets under construction	87,257	-	-	87,257
Other property, plant and equipment	696,229	(497,858)	(3,061)	195,310
	9,411,615	(5,842,216)	(705,507)	2,863,892
2018				
Land and buildings	1,339,248	(528,039)	(66,947)	744,262
Land and natural resources	646,878	(144,832)	(48,794)	453,252
Buildings for own use	692,370	(383,207)	(18,153)	291,010
Plant and other items of property, plant and equipment	7,386,533	(5,109,683)	(597,094)	1,679,756
Plant	4,554,048	(2,952,848)	(580,337)	1,020,863
Machinery and vehicles	2,082,609	(1,634,885)	(13,981)	433,743
Advances and fixed and non-current assets under construction	63,949	-	-	63,949
Other property, plant and equipment	685,927	(521,950)	(2,776)	161,201
	8,725,781	(5,637,722)	(664,041)	2,424,018

The movements in the various fixed and non-current assets headings in 2019 and 2018 were as follows:

	Land and natural resources	Buildings for own use	Land and Buildings	Technical Installations	Machinery and vehicles	Advances and fixed and non- current assets under construction	Rest property, plant and equipment	Plant and other items of property, plant and equipment	Accumulated Depreciation	Impairment
Balance at 31/12/17	645,161	692,823	1,337,984	4,516,704	2,052,217	49,867	658,251	7,277,039	(5,480,759)	(678,401)
Receipts or endowments	2,134	13,099	15,233	28,492	106,250	58,210	38,671	231,623	(275,606)	(5,611)
Release, removals and transfers	(42)	(10,908)	(10,950)	(11,807)	(95,802)	(230)	(19,044)	(126,883)	115,707	8
Conversion differences	(342)	(3,652)	(3,994)	(30,433)	(7,276)	1,925	(1,170)	(36,954)	30,080	4,509
Change in scope, transfers and other changes	(33)	1,007	974	51,092	27,220	(45,823)	9,219	41,708	(27,143)	15,454
Balance at 31/12/18	646,878	692,369	1,339,247	4,554,048	2,082,609	63,949	685,927	7,386,533	(5,637,721)	(664,041)
Receipts or endowments	3,735	27,860	31,595	19,848	105,078	69,966	59,406	254,298	(342,435)	(10,982)
Release, removals and transfers	(913)	(18,779)	(19,692)	(18,976)	(135,687)	(78)	(82,789)	(237,530)	240,916	14
First application IFRS16 (note 2.a)	21,139	346,929	368,068	6,421	48,619	10,630	-	65,670	-	-
Conversion differences	1,716	10,646	12,362	130,209	18,873	(746)	138	148,474	(94,054)	(29,049)
Change in scope, transfers and other changes	4,768	(129,257)	(124,489)	152,645	57,351	(56,464)	33,547	187,079	(8,922)	(1,449)
Balance at 31.12.19	677,323	929,768	1,607,091	4,844,195	2,176,843	87,257	696,229	7,804,524	(5,842,216)	(705,507)

As significant "Entries" in 2019, it is worth highlighting the investments made for the development of the contracts for the Environmental Services activity, mainly in FCC Medioambiente, S.A. for an amount of 86,459 thousand euros, in the FCC Environment (UK) group for an amount 35,821 thousand euros (33,142 thousand euros in 2018), in FCC Environment CEE for 38,820 thousand euros (37,775 thousand euros in 2018) and in Fomento de Construcciones y Contratas, S.A. for 37,709 thousand euros (95,514 thousand euros in 2018), as well as those made in the Integral Water Management activity, mainly by SmVak for 25,940 thousand euros (21,283 thousand euros in 2018).

"Disposals, derecognitions or reductions" include disposals and derecognition of inventory corresponding to assets that, in general, are almost fully amortised due to having exhausted their useful life.

The inputs and derecognitions that have led to a cash outflow or entry are recorded in the accompanying statement of cash flows as "Payments due to investments" and "Collection due to divestments" of "Property, plant and equipment, intangible assets and real estate investments", respectively.

No interest was capitalised in 2019 and 2018 and the total interest capitalised at source as at 31 December 2019 amounts to 30,363 thousand euros (29,190 thousand euros in 2018).

As at 31 December 2019, in property, plant and equipment, 9,322 thousand euros (9,904 thousand euros as at 31 December 2018) has been charged as income from capital grants.

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment is subject. At year-end, the Parent Company estimates that there is no hedging deficit related to said risks.

The gross amount of fully depreciated property, plant and equipment used in production due to being in a good state of use totals 3,123,585 thousand euros at 31 December 2019 (3,128,809 thousand euros at 31 December 2018).

The property, plant and equipment net of depreciation on the accompanying consolidated balance sheet located outside the Spanish territory amount to 1,345,898 thousand euros at 31 December 2019 (1,238,245 thousand euros at 31 December 2018).

Restrictions on title to assets

Of the total property, plant and equipment on the consolidated balance sheet, at 31 December 2019, 934,164 thousand euros (524,131 thousand euros at 31 December 2018) are subject to ownership restrictions according to the following detail:

	Cost	Accumulated amortisation	Impairment	Net value
2019				
Buildings, plants and equipment	1,437,128	(573,345)	–	863,783
Other property, plant and equipment	174,337	(103,956)	–	70,381
	1,611,465	(677,301)	–	934,164
2018				
Buildings, plants and equipment	2,046,754	(1,588,411)	–	458,343
Other property, plant and equipment	185,658	(119,870)	–	65,788
	2,232,412	(1,708,281)	–	524,131

The restrictions on ownership of these assets originate from the lease agreements that are explained in note 9 of this Report, as well as for those assets related to the exploitation of certain concession contracts to which IFRIC 12 does not apply. "Concession agreements" (note 3.a). The difference between the two years mainly addresses the fact that the 2019 business year includes the assets recognised as a result of the application of IFRS 16 "Leases", while 2018 only includes the assets that were considered as financial under the previous regulations (note 3 .F).

Purchase commitments

In carrying out their activities, the Group companies have formalised acquisition commitments in property, plant and equipment that, as at 31 December 2019, amount to 18,963 thousand euros (15,805 thousand euros at 31 December 2018) according to the following details:

	2019	2018
Land and natural resources	3,275	–
Buildings for own use	635	32
Plant	9,480	2,670
Machinery and vehicles	1,805	11,263
In-progress property, plant and equipment and advances	165	–
Other property, plant and equipment	3,603	1,840
	18,963	15,805

8. REAL ESTATE INVESTMENTS

The real estate investments heading of the accompanying consolidated balance sheet includes the net values of the land, buildings and other constructions that are maintained for rental and, where appropriate, to obtain a surplus in their sale as a result of the increases that occur in the future in their respective market prices.

The composition of the real estate investments heading as at 31 December 2019 and 2018 is as follows:

	Cost	Accumulated amortisation	Impairment	Net value
2019				
Real estate investments	11,318	(1,035)	(7,648)	2,635
	11,318	(1,035)	(7,648)	2,635
2018				
Real estate investments	11,345	(871)	(7,676)	2,798
	11,345	(871)	(7,676)	2,798

The breakdown and movements in the 2019 and 2018 business years were as follows:

Balance 31/12/17	3,188
Additions	42
Derecognitions	(15)
Depreciation and impairment provision	(186)
Change of scope, conversion differences and other movements	-
Transfers	(231)
Balance 31/12/18	2,798
Additions	-
Derecognitions	-
Depreciation and impairment provision	(163)
Change of scope, conversion differences and other movements	-
Transfers	-
Balance 31/12/19	2,635

The inputs and derecognitions that have led to a cash outflow or entry are recorded in the accompanying statement of cash flows as "Payments due to investments" and "Collection due to divestments" of "Property, plant and equipment, intangible assets and real estate investments", respectively.

At the end of the 2019 and 2018 business years, the Group had no firm commitments to acquire or construct any real estate investments.

9. LEASES

The Group applied IFRS 16 "Leases" for the first time on 1 January 2019, having used the option of applying it with modified retroactive character, that is, with cumulative impact of the first application of the standard as an adjustment to the initial balance charged to reserves as at 1 January 2019, without re-expressing the previous year (notes 2.a and 3.f). As such, comparative information from the previous year is not provided in this note.

In its position as lessee, the Group has signed lease contracts for different kinds of underlying assets, mainly machinery in the Construction activity and technical facilities and constructions for its own use in all the activities that the Group develops.

Among the contracts entered into in previous years, the lease contract of the office building located in Las Tablas (Madrid) is noteworthy, valid from 23 November 2012 and for 18 years, extendable at the option of the FCC Group in two periods of five years each, with an annual income that can be updated annually according to CPI. Also, the contract signed in 2011 between Fomento de Construcciones y

Contratas, S.A. and the owners of the buildings where the offices of the Central Services of the FCC Group are located in Federico Salmón 13, Madrid and Balmes 36, Barcelona, for a minimum rental period of 30 years, extendable at the option of the Group in two periods of 5 years each with an annual income that can be updated annually according to CPI. The owner company, in turn, granted a purchase option to Fomento de Construcciones y Contratas, S.A., which can only be exercised at the end of the lease period, at fair value or at the amount of the sale adjusted by the CPI, if this is higher.

In general, the leases signed by the Group do not include variable payments, there are only clauses for updating the rent in certain contracts, mainly based on inflation. In some cases, the aforementioned contracts present restrictions of use, the most common being those that limit the use of the underlying assets to geographical areas or their use as an office or premises for productive use. Lease contracts do not include significant residual value guarantee clauses.

The Group determines the duration of the contracts by estimating the period during which the entity estimates that it will continue to use the underlying asset in accordance with its particular circumstances to cover any extensions that are reasonably expected.

The book amount of the assets by right of use amounts to 496,774 thousand euros as at 31 December 2019. The following is their book value, the additions and amortisations made during the year by type of underlying asset:

	Cost	Accumulated amortisation	Net value	Additions	Amortisation charge
2019					
Land and buildings	381,664	(35,686)	345,978	10,286	(35,817)
Land and natural resources	28,559	(2,828)	25,731	1,027	(3,486)
Buildings for own use	353,105	(32,858)	320,247	9,259	(32,331)
Plant and other items of property, plant and equipment	223,772	(72,976)	150,796	53,403	(42,836)
Plant	6,424	(1,201)	5,223	-	(1,200)
Machinery and vehicles	182,444	(57,488)	124,956	48,022	(32,147)
Other property, plant and equipment	34,904	(14,287)	20,617	5,381	(9,489)
	605,436	(108,662)	496,774	63,689	(78,653)

The amount of liabilities recognised by leases amounts to 484,376 thousand euros as at 31 December 2019, of which 78,985 thousand euros are classified as current in the accompanying consolidated balance sheet, as they expire within the next twelve months (note 19). Lease liabilities have generated an interest charge of 13,036 thousand euros as at 31 December 2019 (note 26). Payments for leases made during the year amount to 89,130 thousand euros as at 31 December 2019 and are recorded under the headings "Collections and (payments) for financial liability instruments" and "Interest payments" in the accompanying statement of consolidated cash flows. The details for maturities of non-current liabilities for leases are shown below:

	2021	2022	2023	2024	2025 and beyond	Total
2019						
Liabilities for non-current leases	60,732	34,044	29,904	30,694	250,017	405,391

Certain contracts are excluded from the application of the aforementioned IFRS 16, mainly either because they are low value assets or because their duration is less than twelve months (note 3.f) and is recorded as an expense under the heading "Other operating income/(losses)" in the accompanying consolidated profit and loss statement, with the amount during the year being as follows:

	2019
Low value assets	2,647
Leases with term less than 12 months	57,762
	60,409

In the position of lessor, the Construction activity must be highlighted, which recognises the exploitation of its machinery park to third parties are revenue, mainly from FCC Construcción América in Central America, for an amount of 9,212 thousand euros (12,980 thousand euros as at 31 December 2018).

10. SERVICE CONCESSION ARRANGEMENTS

This Note presents an overview of all the Group's investments in concession businesses, which are recognised in various headings under "Assets" in the accompanying consolidated balance sheet.

The following table presents the total amount of the assets held under service concession arrangements by the Group companies, which are recognised under "Intangible assets", "Non-current financial assets", "Other current financial assets" and "Investments accounted for using the equity method" (for both joint ventures and associates) in the accompanying consolidated balance sheet at 31 December 2019 and 2018.

	Intangible assets (Note 6)	Financial assets (Note 13)	Joint concessionary businesses	Associated concessionary companies	Total investment
2019					
Water services	1,551,666	189,302	29,157	54,228	1,824,353
Motorways and tunnel	1,717,215	126,651	7,291	-	1,851,157
Other	411,748	282,292	66,449	76,062	836,551
TOTAL	3,680,629	598,245	102,897	130,290	4,512,061
Accumulated	(1,249,755)	-	-	-	(1,249,755)
Impairment	(56,254)	-	-	-	(56,254)
	2,374,620	598,245	102,897	130,290	3,206,052
2018					
Water services	1,494,414	6,866	28,962	100,346	1,630,588
Motorways and tunnel	395,735	-	8,123	31,625	435,483
Other	359,249	233,906	38,467	100,704	732,326
TOTAL	2,249,398	240,772	75,552	232,675	2,798,397
Accumulated	(902,183)	-	-	-	(902,183)
Impairment	(58,411)	-	-	-	(58,411)
	1,288,804	240,772	75,552	232,675	1,837,803

In the previous table, the increase in the "Intangible assets" column should be noted, which is mainly explained by the incorporation of the intangible assets of the Cedinsa subgroup after its takeover (note 4) that, as at 31 December 2019, contribute an amount of 1,050,804 thousand euros. The increase in the "Financial assets" column is mainly explained by the incorporation of the financial asset corresponding to the company Shariket Tahlya Mostaganem, S.p.a. after its takeover (note 4) for the amount of 176,392 thousand euros at 31 December 2019 and by the financial asset contributed by the

aforementioned Cedinsa subgroup for the amount of 126,651 thousand euros.

Below are details of the main concessions included in the previous categories with their main characteristics:

	Book value as at 31 December 2019		Granting entity	Collection mechanism
	Intangible assets	Financial assets		
Water services	713,116	189,302		
Jerez de la Frontera (Cádiz - Spain)	74,569	-	City Council of Jerez de la Frontera.	User based on consumption
Caltanissetta (Italy)	42,003	-	Consorzio Ambito Territoriale Ottimale	User based on consumption
Adeje (Tenerife, Spain)	40,157	-	Adeje City Council	User based on consumption
Santander (Cantabria, Spain)	38,979	-	Santander City Council	User based on consumption
Lleida (Spain)	36,876	-	Lleida City Council	User based on consumption
Badajoz (Spain)	26,304	-	Badajoz City Council	User based on consumption
Oviedo (Asturias, Spain)	21,966	-	Oviedo City Council	User based on consumption
Vigo (Pontevedra, Spain)	7,567	-	Vigo City Council	User based on consumption
Mostaganem Desalination Plant (Algeria)	-	176,392	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant (Mexico)	-	12,910	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	424,695	-		
Motorways and tunnels	1,344,346	126,651		
Cedinsa Eix Transversal (Spain)	456,084	126,651	Generalitat de Catalunya	Shadow toll with guaranteed minimum
Cedinsa C17 (Spain)	283,246	-	Generalitat de Catalunya	Shadow toll
Cedinsa Eix Llobregat (Spain)	243,446	-	Generalitat de Catalunya	Shadow toll
Submerged tunnel of Coatzacoalcos (Mexico)	230,731	-	Government of the State of Veracruz	Direct toll paid by the user
Cedinsa C35 (Spain)	68,028	-	Generalitat de Catalunya	Shadow toll
Conquense motorway (Spain)	62,811	-	Ministry of Development	Shadow toll
Other	317,158	282,292		
Buckinghamshire plant (United Kingdom)	154,147	9,359	Buckinghamshire County Council	Fixed amount plus variable amount per ton
Campello Plant (Alicante, Spain)	29,762	-	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Loeches Plant (Alcalá de Henares, Spain)	26,110	-	Commonwealth of the East	According to tons treated
Edinburgh Plant (United Kingdom)	24,589	140,812	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Houston recycling plant (United States)	24,113	-	City of Houston	Fixed amount plus variable amount per ton
Granada plant (Granada, Spain)	23,294	-	Provincial council of Granada	According to tons treated
RE3 plant (United Kingdom)	-	31,660	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Gipuzkoa II plant	-	30,653	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
Manises Plant (Valencia, Spain)	-	22,870	Metropolitan Entity for Waste Treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	-	22,735	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	-	18,981	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	35,143	5,222		
FCC Group Total	2,374,620	598,245		

	Book value as at 31 December 2018		Granting entity	Collection mechanism
	Intangible assets	Financial assets		
Water services	717,251	6,866		
Jerez de la Frontera (Cádiz - Spain)	78,655	-	City Council of Jerez de la Frontera.	User based on consumption
Adeje (Tenerife, Spain)	46,631	-	Adeje City Council	User based on consumption
Santander (Cantabria, Spain)	42,444	-	Santander City Council	User based on consumption
Lleida (Spain)	38,925	-	Lleida City Council	User based on consumption
Caltanissetta (Italy)	40,172	-	Consorzio Ambito Territoriale Ottimale	User based on consumption
Badajoz (Spain)	27,366	-	Badajoz City Council	User based on consumption
Oviedo (Asturias, Spain)	22,788	-	Oviedo City Council	User based on consumption
Vigo (Pontevedra, Spain)	15,120	-	Vigo City Council	User based on consumption
Other contracts	405,150	6,866		
Motorways and tunnels	294,822	0		
Submerged tunnel of Coatzacoalcos (Mexico)	223,277	-	Government of the State of Veracruz	Direct toll paid by the user
Conquense motorway (Spain)	71,545	-	Ministry of Development	Shadow toll
Other	276,731	233,906		
Buckinghamshire plant (United Kingdom)	152,203	8,949	Buckinghamshire County Council	Fixed amount plus variable amount per ton
Campello Plant (Alicante, Spain)	31,184	-	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Granada plant (Granada, Spain)	24,420	-	Provincial council of Granada	According to tons treated
Edinburgh Plant (United Kingdom)	20,549	115,601	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
RE3 plant (United Kingdom)	-	30,634	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Manises Plant (Valencia, Spain)	-	24,050	Metropolitan Entity for Waste Treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	-	23,038	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	-	19,097	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	48,375	12,537		
FCC Group Total	1,288,804	240,772		

The water services business is characterised by having a very high number of contracts, and the most significant are listed in the preceding table. The contracts primarily cover integral water cycles from capture, transport, treatment and distribution to urban centres through the use of distribution networks and a complex water treatment facilities to make the water potable, including the capture and purification of wastewater. Covers the construction and maintenance of water and sewerage networks and desalinisation, treatment and purification plants. Generally, billing is carried out based on the use of the service by the subscribers, so that, in most cases, cash flows depend on the consumption of water that, in general, has shown to be constant over time. However, the contracts normally include regular rate review clauses to ensure the recoverability of the investment made by the concessionaire. These clauses establish the future rates based on consumption in previous periods and other variables such as inflation. Concession companies build or receive the right to use distribution and sewerage networks in order to carry out their businesses, in addition to the complex facilities necessary to treat and purify drinking water. The concession terms for these types of infrastructures cover different periods up to a maximum of 75 years and then the facilities revert to the granting entity at the end of the concession without any further compensation being received.

Most proceeds received from practically all of the contracts that are fully consolidated depends on the use of the service, therefore meaning that the amounts are variable, demand risk is borne by the concession company and the contracts are recognised as intangible assets. However, in exceptional cases, mainly in the case of desalination plants, the charge is received based on the cubic meters actually desalted, guaranteeing the grantor a minimum insured level regardless of volume, so these guaranteed amounts are classified as financial assets as they hedge the fair value of construction services.

The main activity of the concessions belonging to the motorway and tunnel activity include the management, promotion, development and exploitation of land transport infrastructure, mainly motorways and toll tunnels. It includes both the construction and the subsequent conservation and maintenance of the aforementioned infrastructures over a long concession period that can range from 25 to 75 years. Billing is usually based on traffic intensity, both by charging tolls to vehicles directly, and by shadow toll, so cash flows are variable in relation to the aforementioned traffic intensity, generally observing an increasing trend as the concession period progresses, which is why, when the concessionaire bears the demand risk, they are recorded as intangible assets. In some cases the charges are fixed, either because there are availability charges, which is when a certain amount previously agreed with the grantor is charged in exchange for making the infrastructure available under the agreed conditions, or because the granting entity guarantees the concessionaire the payment of the amount needed to reach a certain amount when the revenues collected from users for tolls do not reach such amount; in these cases, when the grantor bears the demand risk, they are classified as financial assets. The contracts generally include both the construction or improvement of the infrastructure for which the concessionaire receives a right of use, as well as the provision of maintenance services, reversing the infrastructure at the end of the useful life to the grantor, generally without receiving compensation. In certain cases there are offsetting mechanisms, such as an extension of the concession period or an increase in the toll price, so as to ensure a minimum return to the concessionaire. In the case of the Cedinsa Eix Transversal concession, the payment is received based on the intensity of traffic, although there is a guaranteed amount, so it is accounted for as a mixed model.

The "Miscellaneous" activity mainly includes contracts related to the construction, operation and maintenance of waste treatment facilities, both in Spain and in the United Kingdom. The contracts incorporate price revision clauses based on different variables, such as inflation, energy costs or salary costs. Contracts were analysed to classify concessions as intangible or financial assets to determine which part of the contract bears the demand risk. Those contracts in which the billing is determined solely on the basis of the fixed charge and a variable amount depending on the tons treated, given that the latter is residual and the cost of construction services is substantially offset by the fixed charge, the concession as a whole has been considered as a financial asset, except in the case of the Buckinghamshire and Edinburgh plants (both in the United Kingdom), in which the intangible component is significant and is therefore recorded as mixed models.

Likewise, it should be noted that in accordance with the concession contracts, the concessionaires in which the Group is an investee are obliged to acquire or build items of property, plant and equipment for the amount of 137,216 thousand euros as at 31 December 2019 (195,972 thousand euros as at 31 December 2018).

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This heading includes the value of investments in companies accounted for under the equity method, as well as non-current loans granted to them, as indicated in note 2.b) which applies to both joint ventures and associates, the breakdown of which is as follows:

	2019	2018
Joint ventures	185,432	173,489
Investment value	38,141	34,882
Loans	147,291	138,607
Associates	556,092	589,561
Investment value	390,841	452,853
Loans	165,251	136,708
	741,524	763,050

a) Joint ventures

The breakdown of this heading by company is presented in Annex II of these financial statements, which lists the joint ventures.

The transactions for 2019 and 2018 by items are as follows:

	Balance at 31.12.2018	Profit/(loss) for the year (note 26.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Acquisiti ons	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2019
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	9,631	698	-	-	-	1,401	5	11,735
Sociedad Concesionaria Tranvía de Murcia, S.A.	38,467	1,184	-	-	-	-	1,094	40,745
Mercia Waste Management Ltd.	17,881	3,835	(12,063)	-	-	1,029	-	10,682
Zabalgardi, S.A.	16,298	3,051	(3,000)	885	-	-	-	17,234
Atlas Gestión Medioambiental, S.A.	11,935	1,221	(1,224)	-	-	1	-	11,933
Empresa Municipal de Aguas de Benalmádena, S.A.	6,523	435	(400)	(84)	-	(1)	(773)	5,700
Ibisan Sociedad Concesionaria, S.A.	8,123	1,478	(2,550)	240	-	-	-	7,291
Constructora Nuevo Necaxa Tihuatlán S.A. de C.V.	-	21	-	-	-	(2,106)	2,085	-
OHL CO Canada & FCC Canada Ltd. Partnership	-	969	-	-	-	(5,015)	4,046	-
North Tunnels Canada Inc.	6,526	2	-	-	-	(115)	565	6,978
FM Green Power Investments, S.L.	7,228	15,050	-	(5,203)	-	(1)	-	17,074
Rest	50,877	3,871	(2,825)	682	-	1,793	1,662	56,060
Total joint ventures	173,489	31,815	(22,062)	(3,480)	-	(3,014)	8,684	185,432

	Balance at 31.12.2017	Profit/(loss) for the year (note 26.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Acquisiti ons	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2018
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	8,698	531	-	-	-	401	1	9,631
Sociedad Concesionaria Tranvía de Murcia, S.A.	21,199	356	-	-	-	(1)	16,913	38,467
Mercia Waste Management Ltd.	17,553	5,041	(4,525)	-	-	(188)	-	17,881
Zabalgardi, S.A.	14,777	2,871	(1,500)	327	-	(177)	-	16,298
Atlas Gestión Medioambiental, S.A.	12,149	684	(898)	-	-	-	-	11,935
Empresa Municipal de Aguas de Benalmádena, S.A.	7,144	485	(413)	75	-	-	(768)	6,523
Ibisan Sociedad Concesionaria, S.A.	6,654	2,331	(1,277)	415	-	-	-	8,123
Constructora Nuevo Necaxa Tihuatlán S.A. de C.V.	2	483	-	-	-	(1,828)	1,343	-
OHL CO Canada & FCC Canada Ltd. Partnership	-	1,654	-	-	-	7,275	(8,929)	-
North Tunnels Canada Inc.	-	7,051	-	-	-	(222)	(303)	6,526
FM Green Power Investments, S.L.	7,228	-	-	-	-	-	-	7,228
Rest	50,349	4,013	(2,639)	(767)	-	13,519	(13,598)	50,877
Total joint ventures	145,753	25,500	(11,252)	50	-	18,779	(5,341)	173,489

Below are the main figures from the financial statements of joint ventures in proportion to the shareholding as at 31 December 2019 and 2018.

	2019	2018
Non-current assets	328,857	321,716
Current assets	164,047	158,929
Non-current liabilities	368,073	359,782
Current liabilities	132,397	124,424
Profit/(loss)		
Revenue	198,110	207,397
Operating profit/(loss)	33,642	43,211
Profit before tax	36,841	30,530
Profit attributable to the Parent Company	31,815	25,500

The main activities carried out by joint ventures are the exploitation of concessions, such as motorways, concessions related to the integral water cycle and urban sanitation, tunnels and passenger transport activities.

In relation to joint ventures with third parties outside the FCC Group, it should be noted that guarantees have been provided for an amount of 8,458 thousand euros (13,212 thousand euros in 2018), mostly for public bodies and private clients to guarantee the successful execution of the contracts of the different activities of the Group. There are no relevant commitments or other significant contingent liabilities in relation to joint ventures.

In general, joint ventures that the Group consolidates using the equity method take the legal form of public limited or limited companies, and therefore, being joint ventures, the distribution of funds to their respective parent companies requires an agreement with the other partners who hold joint control in accordance with the mechanisms established by their corporate agreements.

b) Associates

The breakdown of this heading by companies is presented in Annex III of these financial accounts, which lists the associates.

The transactions for 2019 and 2018 by items are as follows:

	Balance at 31.12.2018	Profit/(loss) for the year (note 26.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Acquisitions	Conversion differences and other movements	Change Loans granted	Balance at 31.12.2019
Realia Business Group	272,493	8,058	-	(1504)	-	(2,507)	-	276,540
Concessió Estacions Aeroport L9, S.A.	66,793	12,449	(5,226)	(10,889)	-	-	-	63,127
Cleon, S.A.	-	-	-	-	-	-	-	-
Shariket Tahlya Miyah Mostaganem SPA (note 4)	35,222	-	-	-	-	(35,222)	-	-
Cedinsa Group (note 4)	31,625	7,755	(6,460)	(7,249)	-	(25,671)	-	-
Metro de Lima Línea 2, S.A.	23,297	1,966	-	-	-	441	-	25,704
Aquos El Realito, S.A. de C.V.	13,198	487	-	-	-	404	394	14,483
Suministro de Agua de Querétaro, S.A. de C.V.	9,991	1316	(1505)	-	-	574	-	10,376
Aguas del Puerto Empresa Municipal, S.A.	14,637	(201)	-	462	-	-	(350)	14,548
Shariket Miyeh Ras Djinet SPA (note 4)	12,704	-	-	-	-	(12,704)	-	-
Lázaro Echevarría, S.A.	8,449	(341)	-	(68)	-	1	-	8,041
Tirme Group	6,630	4,123	(3,326)	-	-	(4)	-	7,423
A.S.A. Group	6,422	1,989	(1,990)	(41)	-	(116)	-	6,264
Hormigones y Áridos del Pirineo Aragonés, S.A.	5,980	(48)	(45)	-	-	(1)	-	5,886
Aigües del Segarra Garrigues, S.A.	6,587	317	-	-	-	1	-	6,905
N6 (Construction) Limited	1,034	-	-	-	-	1	-	1,035
Giant Cement Holding	24,212	(10,983)	-	(72)	-	504	-	13,661
Constructora Terminal Valle de México	3,505	13,126	(7,751)	-	-	35	-	8,915
Aigües del Vendrell	-	13	-	(2)	492	-	4,799	5,302
FCC Group PFI Holdings	-	(298)	-	-	3,471	6,624	24,529	34,326
Rest	46,782	7,403	(1439)	(1294)	771	2,162	(829)	53,556
Total associates	589,561	47,131	(27,742)	(20,657)	4,734	(65,478)	28,543	556,092

	Balance at 31.12.2017	Profit/(loss) for the year (note 26.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Acquisitions	Conversion differences and other movements	Change Loans granted	Balance at 31.12.2018
Realia Business Group	209,407	6,709	-	908	-	55,469	-	272,493
Concessió Estacions Aeroport L9, S.A.	57,695	12,226	(4,311)	1,182	-	1	-	66,793
Cleon, S.A.	32,788	-	-	-	-	(24,877)	(7,911)	-
Shariket Tahlya Miyah Mostaganem SPA	31,248	3,445	-	-	-	529	-	35,222
Cedinsa Group	-	7,308	(6,460)	3,652	-	27,125	-	31,625
Metro de Lima Línea 2, S.A.	21,298	1,065	-	-	-	934	-	23,297
Aquos El Realito, S.A. de C.V.	12,093	443	-	132	-	255	275	13,198
Suministro de Agua de Querétaro, S.A. de C.V.	8,483	1,128	-	-	-	380	-	9,991
Aguas del Puerto Empresa Municipal, S.A.	14,327	(462)	-	367	-	-	405	14,637
Shariket Miyeh Ras Djinet SPA	11,393	1,120	-	-	-	191	-	12,704
Lázaro Echevarría, S.A.	8,637	(201)	-	42	-	(29)	-	8,449
Tirme Group	5,224	4,034	(2,628)	-	-	-	-	6,630
A.S.A. Group	6,410	1,561	(1,428)	(29)	-	(92)	-	6,422
Hormigones y Áridos del Pirineo Aragonés, S.A.	6,064	120	(225)	-	-	21	-	5,980
Aigües del Segarra Garrigues, S.A.	6,075	512	-	-	-	-	-	6,587
N6 (Construction) Limited	1,035	-	-	-	-	(1)	-	1,034
Giant Cement Holding	33,771	(10,652)	-	-	-	1093	-	24,212
Constructora Terminal Valle de México	119	3,430	-	-	-	(44)	-	3,505
Rest	38,820	4,926	(842)	2,806	5	2,873	(1806)	46,782
Total associates	504,887	36,712	(15,894)	9,060	5	63,828	(9,037)	589,561

In 2019, the column "Conversion differences and other movements" highlights the 25,671 thousand euros decrease of the Cedinsa group as a result of its takeover (note 4), and the decreases of 35,222 thousand euros and 12,704 thousand euros, respectively, of Shariket Tahlya Mostaganem, S.p.a. and Shariket Miyeh Djinet, S.p.a. under the partner agreements that were signed, under which the first becomes integrated by global integration when control has been taken and the second is posted as a financial asset at fair value after the loss of significant influence (note 4).

In 2018, the transfer from non-current assets held for the sale of the Cedinsa group for 27,125 thousand euros in the "Conversion differences and other movements" column should be noted. Meanwhile, in November 2018, Realía Business, S.A. approved a capital increase that the Group used, subscribing and disbursing 55,469 thousand euros (note 4). Likewise, Cleon, S.A. was liquidated during the year, with the partners receiving the assets from the company without any significant impacts on the Group.

The assets, liabilities, turnover and profit/(loss) for 2019 and 2018 are presented below, in proportion to the shareholding in the capital of each associate.

	2019	2018
Non-current assets	1,139,952	1,637,009
Current assets	369,637	425,954
Non-current liabilities	1,140,692	1,541,278
Current liabilities	264,029	314,705
Revenue	445,072	400,320
Operating profit/(loss)	96,980	84,416
Profit before tax	61,282	42,487
Profit attributable to the Parent Company	47,131	36,712

In relation to the 37.14% stake in the Realía Business group, it should be noted that the value of the participation based on the stock price at 31 December 2019 amounted to 282,103 thousand euros, higher than its book value, (276,036 thousand euros as at 31 December 2018) and that no dividends were distributed this year or last year. Below is the condensed financial information of the Realía group at 31 December 2019 and 2018 by relevance and once standardised to comply with the accounting policies applied by the Group, to which the equity method has been applied:

	Balance Sheet	
	2019	2018
Non-current assets	1,009,857	993,834
Current assets	459,373	459,625
Cash and equivalents	75,895	87,498
Other current assets	383,478	372,127
TOTAL ASSETS	1,469,230	1,453,459
Equity	790,289	773,683
Equity Parent Company	671,926	655,433
Capital	196,864	196,864
Reserves	459,154	446,249
Own Shares	(3,277)	(1,566)
Profit/(Loss) Parent Company	21,675	18,070
Valuation adjustments	(2,490)	(4,184)
Non-controlling interests	118,362	118,251
Non-current liabilities	607,546	623,956
Non-current financial liabilities	559,511	586,547
Other non-current liabilities	48,035	37,409
Current liabilities	71,395	55,820
Non-current financial liabilities	34,715	27,951
Other non-current liabilities	36,680	27,869
TOTAL LIABILITIES	1,469,230	1,453,459

	Income statement	
	2019	2018
Revenue	76,104	76,249
Other income	18,805	17,635
Operating expenses	(34,841)	(40,808)
Depreciation of fixed and non-current assets	(12,151)	(12,226)
Other operating income/(losses)	2,043	(35)
Operating profit/(loss)	49,960	40,815
Finance income	1,188	7,329
Finance cost	(15,633)	(17,680)
Other financial profit/(loss)	970	564
Financial Profit/(Loss)	(13,475)	(9,787)
Profit/(loss) of equity-accounted affiliates	1,702	1,695
Net income from impairment of fixed and non-current assets	-	-
Profit/(loss) before tax from continuing operations	38,187	32,723
Corporation tax	(10,528)	(7,836)
Profit/(loss) for the year from continuing operations	27,659	24,887
Profit/(loss) from interrupted operations	-	-
PROFIT/(LOSS) FOR THE YEAR	27,659	24,887
Profit/(Loss) Parent Company	19,394	18,070
Profit/(loss) non-controlling interests	8,265	6,817

It should be noted that adjustments were made to the previous financial statements of the Realia group for the purpose of standardisation in order to apply the equity method and record it in the consolidated financial statements, since said group applies the option allowed in IAS 40 "Real estate investments" to value its real estate assets at fair value, an accounting policy that the Group does not apply.

12. JOINT AGREEMENTS. JOINTLY CONTROLLED OPERATIONS

As indicated in note 2.b) section "Joint agreements", the Group companies carry out part of their activity by participating in contracts that are jointly operated with other partners outside the Group, mainly through temporary unions of companies and others similar entities. These contracts have been proportionally integrated in the accompanying financial statements.

Below are the key figures of the jointly operated contracts that are included in the different headings of the accompanying balance sheet and consolidated income statement, in proportion to their participation, as at 31 December 2019 and 2018.

	2019	2018
Non-current assets	214,777	188,348
Current assets	1,367,070	1,363,139
Non-current liabilities	70,787	57,816
Current liabilities	1,445,679	1,421,276
Profit/(loss)		
Revenue	1,501,259	1,480,543
Gross Operating Profit	126,331	132,550
Net Operating Profit	98,249	113,501

At year-end 2019, the commitments for the acquisition of property, plant and equipment, formalised directly by the joint management contracts, amount to 125 thousand euros (4,981 thousand euros in 2018), after applying the shareholding that the Group companies hold.

Contracts managed through temporary joint ventures, joint ventures and other entities with similar characteristics imply that shareholders must share the joint responsibility for the activity carried out.

In relation to contracts managed jointly with third parties outside the Group, it should be noted that guarantees have been provided for an amount of 1,393,614 thousand euros (1,461,672 thousand euros in 2018), mostly before public bodies and private clients, to ensure the successful completion of urban sanitation works and contracts.

13. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

There are no "Non-current financial assets" or "Other significant non-current financial assets" in default. The most significant items in the accompanying consolidated balance sheet of the aforementioned headings present the following breakdown:

a) Non-current financial assets

Non-current financial assets at 31 December 2019 and 2018 are distributed as shown below:

	Financial assets at amortised cost	Financial assets at fair value charged to reserves	Financial assets at fair value charged to profit/(loss)	Hedging derivatives	Total
2019					
Equity instruments	-	35,711	-	-	35,711
Derivatives	-	-	9	22	31
Collection rights concession arrangements	566,917	-	-	-	566,917
Other financial assets	260,036	468	-	-	260,504
	826,953	36,179	9	22	863,163
2018					
Equity instruments	-	24,660	-	-	24,660
Derivatives	-	-	40	1,265	1,305
Collection rights concession arrangements	199,507	-	-	-	199,507
Other financial assets	155,080	-	-	-	155,080
	354,587	24,660	40	1,265	380,552

The increase in the "Collection rights for concession agreements" of 367,410 thousand euros in 2019 should be noted, mainly due to the takeover of the Cedinsa Group, recording a financial asset for the Cedinsa Eix Transversal concession due to being a mixed model (notes 4 and 10) and Shariket Tahlya Mostaganem, S.p.a. that have become consolidated through global integration (notes 4 and 10) and that, as at 31 December 2019 contribute 126,651 and 176,392 thousand euros respectively to this heading. Furthermore, to a lesser extent, the increase in non-current collection rights corresponding to waste treatment plants under construction in Guipúzcoa and the United Kingdom is noteworthy (note 10).

The increase in the "Other financial assets" heading mainly covers the incorporation of the collection right derived from grants granted to and not yet collected from the Cedinsa subgroup for the amount of 61,504 thousand euros, whose counterpart is included in the "Grants" heading of the liability side of the accompanying consolidated balance sheet.

The breakdown of the "Equity instruments" heading at 31 December 2019 and 2018 is detailed below:

	% Effective ownership	Fair value
2019		
Participations equal to or greater than 5%:		
Shariket Miyeh Djinet, S.p.a (note 4)	13.01%	11,142
Cafasso Consortium, N.V.	15.00%	8,777
Vertederos de Residuos, S.A.	16.03%	8,764
Consorcio Traza, S.A.	16.60%	3,629
Rest		2,296
Participations below 5%:		
Rest		1,103
		35,711
2018		
Participations equal to or greater than 5%:		
Cafasso Consortium N.V.	15.00%	8,777
Vertederos de Residuos, S.A.	16.03%	8,764
Consorcio Traza, S.A.	16.60%	3,629
Rest		2,380
Participations below 5%:		
Rest		1,100
		24,650

The main change that took place in 2019 was the change in the consolidation method of the shareholding in Shariket Miyeh Djinet, S.p.a. as a result of the loss of significant influence valued at 11,142 thousand euros at the end of 2019, and which was consolidated in 2018 using the equity method (notes 4 and 11).

The due dates for the "Collection rights of concession agreements" and the "Other financial assets" are as follows:

	2021	2022	2023	2024	2025 and beyond	Total
Deposits and guarantees	4,164	852	274	714	160,112	166,116
Collection rights concession agreement (notes 3.a) and 10)	41,078	53,103	34,538	30,536	407,662	566,917
Non-commercial loans and other financial assets	12,139	9,247	8,083	9,347	55,104	93,920
	57,381	63,202	42,895	40,597	622,878	826,953

Non-commercial loans mainly include the amounts granted to public entities for debt refinancing, mainly in the water services activity, that accrue interest in accordance with market conditions. There were no events during the year that suggests uncertainty regarding the recovery of these loans.

The deposits and guarantees basically correspond to those made by legal or contractual obligations in the development of the activities of the Group companies, such as deposits for electrical connections, for the guarantee in the execution of works, for rental of real estate, etc.

b) Other current financial assets

This heading of the accompanying consolidated balance sheet includes the financial deposits constituted by contractual guarantees, the collection rights derived from concessionary financial assets (note 10) maturing within less than twelve months, current financial investments made for more than three months to meet certain specific treasury situations, credits granted to companies accounted for using the equity method and loans to current third parties.

The details of "Other Current Financial Assets" at 31 December 2019 and 2018 is as follows:

	Financial assets at amortised cost	Financial assets at fair value charged to reserves	Total
2019			
Collection rights concession agreements (note 10)	31,329	-	31,329
Deposits and guarantees	80,836	-	80,836
Other financial assets	77,401	-	77,401
	189,566	-	189,566
2018			
Derivatives	-	16	16
Collection rights concession agreements	41,265	-	41,265
Deposits and guarantees	71,535	-	71,535
Other financial assets	65,999	-	65,999
	178,799	16	178,815

Other financial assets mainly include current loans granted and other accounts receivable from joint ventures and associates for the amount of 20,938 thousand euros (20,527 thousand euros in 2018), current loans to third parties for 29,711 thousand euros (34,024 thousand euros in 2018) and deposits in credit institutions amounting to 19,187 thousand euros (5,482 thousand euros in 2018).

The average rate of return obtained by these items is in market returns according to the term of each investment.

14. INVENTORY

The breakdown of "Inventory net of impairment" at 31 December 2019 and 2018 was as follows:

	2019	2018
Real estate	365,415	372,570
Raw materials and other supplies	220,409	166,081
Construction	87,117	68,972
Cement	77,421	54,205
End-to-End Water Management	28,123	16,627
Environmental Services	26,258	25,003
Corporation	1,490	1,274
Finished goods	18,009	25,574
Advances	124,979	126,809
	728,812	691,034

The "Real estate" item includes plots for real estate development. Likewise, "Real estate" in production is also recorded under production, for which there are sales commitments for a final value of delivery to clients of 42,500 thousand euros (26,041 thousand euros in 2018). The advances that some clients have paid on behalf of the aforementioned "Real Estate" are guaranteed by insurance contracts or bank guarantees, in accordance with the requirements established by the regulations in force. Below is the breakdown of the main real estate products pending sale:

	2019	2018
Fincas Tres Cantos (Madrid)	121,439	115,798
Fincas Arroyo Fresno (Madrid)	53,052	50,783
Sant Joan Despí Housing Estate (Barcelona)	46,576	46,576
Fincas Badalona (Barcelona)	35,171	14,729
Pino Montano Housing Estate (Seville)	8,150	10,139
Finca Las Mercedes (Madrid)	7,016	7,016
Other properties and developments	94,011	127,529
	365,415	372,570

The real estate inventory is valued at their acquisition or production cost, corrected where appropriate to the market value when this is lower, mainly based on the references of the end market, by calculating the residual value of the land compared to the existing market value in the location in which it is located and, where appropriate, when purchase offers have been received, the price of such offers has been used for their valuation.

The Group has used an independent third party (BDO) to estimate the fair value of the main assets that comprise its real estate portfolio. The valuations were made following the criteria of IVSC (International Valuation Standards Committee). The Dynamic Residual Method has been applied as the best

approximation to the value. This method is based on the sale value of the completed development and, among other factors, the costs of the development, urban developments, construction and marketing have been deducted to calculate the price that a developer could pay for the plot. These fair values are extremely sensitive to stress situations or needs to make the asset liquid in a shorter period than that of the appraisal.

The total accumulated balance of impairments of real estate inventory in 2019 amounts to 238,112 thousand euros (246,103 thousand euros as at 31 December 2018).

There are no significant commitments to purchase real estate assets at year-end.

The "Raw materials and other supplies" include facilities necessary for the execution of works pending incorporation, building materials and storage elements, spare parts, fuel and other materials necessary in the development of activities.

15. COMMERCIAL DEBTORS, OTHER ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

a) Trade receivables for sales and services

This heading of the accompanying consolidated balance sheet includes the value of the production and services rendered pending collection, valued as indicated in note 3.r), which provide the various Group activities and which are the basis of the operating profit/(loss).

The following is the breakdown of "Receivables external to the Group" at 31 December 2019 and 2018:

	2019	2018
Progress billings receivable and trade receivables for sales	799,543	740,277
Completed output pending certification	572,461	523,162
Warranty retainers	72,793	60,675
Production billed to associated and jointly controlled companies	60,002	56,816
Trade receivables for sales and services	1,504,799	1,380,930
Advances received for orders (note 21)	(380,695)	(492,174)
Total trade receivables for sales and services	1,124,104	888,756

The total amount corresponds to the net balance of receivables having considered the corrections for insolvency risk amounting to 258,919 thousand euros (270,725 thousand euros as at 31 December 2018) and deducting the item of advances received for orders listed under the heading "Trade payables and other accounts payable" of the liability side of the accompanying consolidated balance sheet. This item also includes the certified amounts of advances for various items, regardless of whether or not they have been paid.

The loans for commercial operations in default are as follows:

	2019	2018
Construction	55,481	46,781
Environmental Services	270,222	268,610
Water	64,888	57,308
TOTAL	390,591	372,699

Balances are considered to be in default when their due date has passed and they have not been paid by the counterpart. However, it must be taken into account that given the different characteristics of the different sectors in which the FCC Group operates, although certain assets are in default, there is no risk of default, since most of its clients are public clients, in which only delays in collections can occur, as it is entitled to claim the corresponding delay payment surcharges.

The "Progress billings receivable and trade receivables for sales" item mainly includes the amount of the certifications issued to clients for works executed for the amount of 249,646 thousand euros (197,500 thousand euros at 31 December 2018) and services performed for the amount of 549,897 thousand euros (542,777 thousand euros as at 31 December 2018), pending collection at the date of the consolidated balance sheet. In general, there are no disputes in relation to the above.

The difference between the amount of progress recorded at the origin of each of the works and contracts in progress, valued according to the criteria set out in note 3.r), and the amount certified to date from the consolidated financial statement is collected as "Completed output pending certification".

The "Completed output pending certification" section includes work executed pending certification corresponding to the construction contracts executed by the Group for the amount of 249,468 thousand euros (242,681 thousand euros at 31 December 2018). The aforementioned balance mainly includes the differences between the completed output, valued at the sale price, and the certification made to date under the current contract for the amount of 238,783 thousand euros (229,277 thousand euros as at 31 December 2018); that is, output recognised according to the degree of progress that originates in differences between the time at which the output of the work is executed, covered by the contract signed with the client and approved by the latter, and the time at which the latter certifies it.

Likewise, the "Completed output pending certification" heading includes services provided in the Environment and Water activities that are billed more than once a month, basically corresponding to the work carried out within the normal development of the activity for the amount of 240,438 thousand euros (218,878 thousand euros as at 31 December 2018).

The amount of the transfer of client loans to financial institutions without the possibility of recourse against the Group companies in the event of default amounts to 261,005 thousand euros at year-end (258,010 thousand euros at 31 December 2018). The impact on cash flows of loan assignments is reflected in the "Changes in working capital" heading of the Statement of Cash Flows. This amount has been reduced from the "Progress billings receivable and trade receivables for sales".

b) Other receivables

The breakdown of the "Other receivables" at 31 December 2019 and 2018 was as follows:

	2019	2018
Public Administrations - VAT receivable (note 23)	87,291	93,550
Public Administrations - Other taxes payable (note 23)	54,892	54,202
Other receivables	114,941	105,786
Advances and credits to staff	2,219	3,086
Current tax assets (note 23)	72,664	58,244
Total other receivables	332,007	314,868

c) Other current assets

This heading mainly includes amounts disbursed by the Group in relation to certain contracts for the provision of services, which have not yet been recorded as expenses in the accompanying financial statement as they had not accrued at the close of these Financial Statements.

16. CASH AND CASH EQUIVALENTS

This heading includes the Group's cash flow, as well as bank deposits and taxes with an initial due date of three months or earlier. These balances were remunerated at market interest rates in both 2019 and 2018.

The breakdown by currency of the cash and cash equivalents position for 2019 and 2018 is as follows:

	2019	2018
Euro	708,399	777,158
United States dollar	161,967	159,476
Pound sterling	138,408	135,770
Algerian dinar	51,949	5,386
Romanian leu	27,037	36,363
Czech koruna	24,771	23,966
Other European currencies	1,853	2,566
Latin America (various currencies)	27,645	47,716
Rest	76,515	77,796
Total	1,218,544	1,266,197

The previous table highlights the increase in the balance of the Algerian Dinar, mainly due to the takeover of the Shariket Tahlya Mostaganem, S.p.a. company that was consolidated using the global integration method in January 2019 (note 4).

17. EQUITY

The accompanying Statement of Changes in Total Equity at 31 December 2019 and 2018 shows the evolution of equity attributed to the shareholders of the Parent Company and non-controlling interests in the respective years.

At the Ordinary General Shareholders' Meeting held on 8 May 2019, the Parent Company of the Group approved the distribution of a flexible dividend (scrip dividend) for a maximum value of 151,530 thousand euros. Shareholders received the corresponding allocation rights and were able to choose between three options: the sale of rights to FCC for 0.40 euros, transfer of the rights on the market or to refrain from transferring them and receiving new shares released. The exchange ratio was set at one new share for every 28 old shares, reflecting the issuance of a maximum number of new shares released of 13,529,482. For the option of transferring the rights to FCC and of receiving new shares to be economically equivalent for the shareholder, a remuneration mechanism was set up for shareholders who chose to receive new shares with a compensatory dividend in cash.

On 28 May 2019, the negotiation period for the allocation rights ended, with the holders of 99.33% of rights opting to receive new shares. Thus, 13,439,320 new shares have been issued, corresponding to 3.55% of the share capital prior to the increase. The expansion released, charged to reserves, has been recorded with the Mercantile Registry on 12 June 2019. In turn, the remuneration mechanism described above has resulted in the disbursement of 8,556 thousand euros by the Group. The shareholders of the remaining 0.67% have chosen to receive the sum in cash, resulting in an additional cash outflow for the Group of 1,010 thousand euros.

At 31 December 2019, under "Distribution of dividends" on the Statement of Changes in Total Equity, a decrease of EUR 44,100 thousand under "Non-controlling interests" is worth particular mention, attributable to the distribution of dividends approved by FCC Aqualia, S.A.

The takeover of Shariket Tahlya Mostaganem, S.p.a. and the Cedinsa group (notes 4, 11 and 26) took place in 2019, which were consolidated using the global integration method after being consolidated using the equity method in the past. These operations have led to the recognition of non-controlling interests for an amount of 136,998 and 111,727 thousand euros respectively. Furthermore, in April 2019, FCC Aqualia, S.A. acquired a 49% share in AquaJerez, S.L., over which it already had control with a 51% holding (note 4). As this transaction involved equity, the difference between the acquisition price and the value of the net assets acquired has been recognised directly against equity, representing a loss of 17,311 thousand euros in reserves on the consolidated financial statements.

From the changes seen on 31 December 2018, the first-time application of IFRS 9 and IFRS 15 on 1 January 2018, which resulted in a decrease in reserves of 180,882 thousand euros (note 2), is worth particular mention. Likewise, on 9 January 2018, the acquisition of 49% of the non-controlling interests of Aqualia Czech, S.L. and Aqualia Infraestructuras Inzenyryng, s.r.o. was completed, over which control was already held with a 51% holding. This transaction resulted in a decrease in consolidation reserves of 59,509 thousand euros, an increase in valuation adjustments of 9,148 thousand euros and a decrease in non-controlling interests of 42,139 thousand euros.

Finally, in September 2018, the sale of 49% of the capital of the subsidiary FCC Aqualia, S.A. to the IFM Global Infrastructure fund was completed for the sum of 1,024 million euros (note 4). Since control was maintained over the investee, this sale was considered an equity transaction, resulting in an increase in reserves of 789,054 thousand euros, an increase in valuation adjustments of 10,818 thousand euros and an increase in non-controlling interests of 222,167 thousand euros.

The rest of the "Other changes in equity" basically includes the distribution of the profit/(loss) obtained by the Group in the previous year.

I. Equity attributable to the Parent Company

The first application of IFRS 9 and IFRS 15 (note 2) on 1 January 2018 resulted in a decrease of 180,882 thousand euros.

a) Capital

The capital of Fomento de Construcciones y Contratas, S.A. comprises 392,264,826 ordinary shares represented through book entries with a nominal value of 1 euro each.

All shares are fully subscribed and paid and carry the same rights.

The securities representing the share capital of Fomento de Construcciones y Contratas, S.A. are admitted to official listing on the four Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) via Spain's Continuous Market.

In relation to the part of the capital owned by other companies, directly or through their subsidiaries, when it is higher than 10%, according to the information provided, Inversora Carso S.A. de C.V., which is controlled by the Slim family, directly and indirectly, owns 61.13% at the date of preparation of these financial statements. Furthermore, Samede Inversiones 2010, S.L. has an indirect holding of 15.45% of the share capital, mainly through Dominum Dirección y Gestión, S.A. (DDG) and Nueva Samede 2016 S.L.U. (Nueva Samede) has a direct holding of 4.53%; these two companies are controlled by Esther Koplowitz Romero de Juseu (100%).

Esther Koplowitz Romero de Juseu also holds 123,313 direct shares in Fomento de Construcciones y Contratas, S.A.

On 17 May 2018, the controlling shareholder Carso acquired, from the financial entities, through its subsidiary Control Empresarial de Capitales, S.A. de C.V., all of the debt of DDG with the shares of Fomento de Construcciones y Contratas, S.A. as collateral.

b) Accumulated earnings and other reserves

The composition of this heading of the accompanying consolidated balance sheet as at 31 December 2019 and 2018 is as follows:

	2019	2018
Reserves of the Parent Company	1,230,126	421,487
Consolidation reserves	371,158	976,092
	1,601,284	1,397,579

b.1) Reserves of the Parent Company

This corresponds to the series of reserves set up by Fomento de Construcciones y Contratas, S.A., parent of the Group, mainly based on retained profits and capital gains and, where appropriate, in compliance with the different applicable legal provisions.

The breakdown at 31 December 2019 and 2018 is as follows:

	2019	2018
Share premium	1,673,477	1,673,477
Legal reserve	75,765	75,765
Reserve for redeemed capital	6,034	6,034
Voluntary reserves and losses from previous years	(525,150)	(1,333,789)
	1,230,126	421,487

The increase in the "Voluntary reserves and negative results from previous years" heading mainly addresses the distribution to reserves amounting to 913,146 thousand euros in the Group's parent company of the capital gain obtained from the aforementioned sale of 49% of the subsidiary company FCC Aqualia, S.A. (note 4), which in its 2018 individual financial statements was recorded as a profit and as consolidation reserves in the consolidated financial statements (note 17.b.2).

Share premium

The Spanish Corporate Enterprises Act, as amended, expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

Legal reserve

In accordance with the Spanish Corporate Enterprises Act, as amended, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve may be used to increase capital provided that the remaining reserve balance is greater than 10% of the increased capital.

Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

As a result of the capital increase derived from the flexible dividend mentioned at the start of this note, the Board of Fomento de Construcciones y Contratas, S.A. decided to provide an additional amount of 2,687 thousand euros as legal reserve in the distribution of profit/(losses) for 2019 so that the legal reserve will be fully funded in 2020.

Reserve for redeemed capital

This reserve includes the nominal value of the amortised treasury shares in 2002 and 2008 charged to available reserves, in accordance with the provisions of article 335.c of the Spanish Corporate Enterprises Act. The reserve for amortised capital is unavailable, other than with the same requirements as for capital reduction.

Voluntary reserves

Reserves for which there is no type of limitation or restriction on their availability, freely constituted through profits and capital gains of the Parent Company once the distribution of dividends has been applied and the provision to legal reserve or other unavailable reserves in accordance with the current legislation.

b.2) Consolidation reserves

This heading of the accompanying consolidated balance sheet includes the consolidated reserves generated in each of the areas of activity. Also, in accordance with IFRS 10 "Consolidated financial statements", those derived from changes in the shareholding of Group companies are included as long as control is maintained, for the difference between the amount of the purchase or additional sale and the book amount of the interest. Meanwhile, in accordance with IAS 19 "Employee benefits", this section includes the actuarial profit and loss of pension plans and other social security benefits. The breakdown of this item as at 31 December 2019 and 2018 is as follows:

	2019	2018
Environment	147,827	94,287
Water	86,704	48,849
Construction	83,579	(5,896)
Cement	36,119	24,599
Corporation	16,929	814,253
	371,158	976,092

The main change in this heading is due to the capital gain that Fomento de Construcciones y Contratas, S.A. obtained in 2018 for the amount of 913,146 thousand euros for the sale of 49% of the capital of FCC Aqualia, S.A. that become part of the reserves of the parent company in 2019 (note 17.b.1).

c) Shares and equity interests

This heading includes the Parent Company shares owned by this or other Group companies valued at the cost of acquisition.

The Board of Directors and the subsidiaries are authorised by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A. to buy back treasury shares within the limits and pursuant to the requirements set out in Article 144 et seq. of the Spanish Corporate Enterprises Act.

The transaction for 2019 is detailed below:

Balance at 31 December 2017	(4,427)
Acquisitions	(7,296)
Balance at 31 December 2018	(11,723)
Acquisitions	(4,345)
Balance at 31 December 2019	(16,068)

The breakdown of treasury shares at 31 December 2019 and 2018 is as follows:

	2019		2018	
	Number of shares	Amount	Number of shares	Amount
Fomento de Construcciones y Contratas, S.A.	1,250,837	(16,068)	823,430	(11,723)
TOTAL	1,250,837	(16,068)	823,430	(11,723)

As at 31 December 2019, the shares of the Parent Company, owned by it or by subsidiaries, represent 0.32% of the capital stock (0.22% as at 31 December 2018).

d) Valuation adjustments

The breakdown of this accompanying consolidated heading at 31 December 2019 and 2018 was as follows:

	2019	2018
Changes in the fair value of financial instruments	(123,851)	(141,247)
Conversion differences	(169,072)	(191,051)
	(292,923)	(332,298)

d.1) Changes in the fair value of financial instruments:

Changes in the fair value of taxes of financial assets at fair value with changes in other comprehensive income (note 13) and of cash flow hedging derivatives (note 22) are included in this heading.

The breakdown of the adjustments due to a change in the fair value of the financial instruments as at 31 December 2019 and 2018 is as follows:

	2019	2018
Financial assets at fair value with changes in other comprehensive income	7,739	7,793
Vertederos de Residuos, S.A.	7,657	7,657
Rest	82	136
Financial derivatives	(131,590)	(149,040)
Concessió Estacions Aeroport L9, S.A.	(79,230)	(68,340)
Cedinsa Group (note 4)	6,555	(34,810)
Urbs Iudex et Causidicus, S.A.	(31,934)	(30,930)
FCC Environment Group (UK)	(12,993)	(9,081)
Ibisan Sociedad Concesionaria, S.A.	(2,798)	(3,038)
Rest	(11,190)	(2,841)
	(123,851)	(141,247)

d.2) Conversion differences

The detail of the amounts included under this heading for each of the most significant companies at 31 December 2019 and 2018 is as follows:

	2019		2018	
European Union:				
FCC Environment Group (UK)	(143,381)		(150,402)	
Dragon Alfa Cement Limited	(3,152)		(3,459)	
Rest	(3,946)	(150,479)	(13,224)	(167,085)
United States of America:				
FCC Group Construcción de América	6,924		8,960	
Giant Cement Holding, Inc.	(1,458)		(1,957)	
Rest	890	6,356	732	7,735
Egypt:				
Orasqualia Devel. Waste T.P. S.A.E.	(5,921)		(3,893)	
Egypt Environmental Services, S.A.E.	(3,664)		(3,987)	
Rest	(1,537)	(11,122)	(2,900)	(10,780)
Tunisia				
Société des Ciments d'Enfidha	(24,769)		(26,659)	
Rest	(844)	(25,613)	(859)	(27,518)
Algeria				
Shariket Tahlya Miyah Mostaganem (note 4)	329		(4,493)	
Shariket Miyeh Ras Djinet (note 4)	0	329	(1,634)	(6,127)
Latin America:				
FCC Group Construcción de América	3,443		3,118	
Rest	3,238	6,681	3,314	6,432
Other Currencies				
Rest	4,776	4,776	6,292	6,292
		(169,072)		(191,051)

The net investment before deducting non-controlling interests in currencies other than the euro (converted to euros in accordance with note 3.j), grouped by geographic markets is as follows:

	2019	2018
United Kingdom	293,612	213,106
Algeria	185,222	47,926
Latin America	104,967	71,460
Czech Republic	71,012	67,930
United States of America	66,186	47,857
Rest	148,975	113,760
	869,974	562,039

The takeover of the Algerian company Shariket Tahlya Mostaganem, S.p.a. in 2019 is noteworthy, which significantly increases the amount of net investment in this country.

e) Earnings per share

The basic earnings per share is obtained as a quotient between the profit/(loss) attributed to the Parent Company and the weighted average of ordinary shares outstanding during the year, the result per share being 0.71 euros in 2019 (0.66 euros in 2018).

	2019	2018
Profit or Loss		
Attributed profit/(loss) parent	266,704	251,569
Outstanding shares		
Weighted average shares	385,001,230	378,437,848
Earnings per share (in euros)	0.69	0.66

As at 31 December 2019 the Group has not issued any kind of instruments that can be converted to shares, so the diluted earnings per share coincide with the basic earnings per share.

II. Non-controlling interests

The balance of this heading in the accompanying consolidated balance sheet reflects the proportional part of the equity and the profit or loss for the year after tax of those companies in which the Group's non-controlling shareholders have ownership interests.

The breakdown of the balance of non-controlling interests of the main companies at the close of 2019 and 2018 is as follows:

	Equity			
	Capital	Reserves	Profit/(loss)	Total
2019				
FCC Aqualia Group	71,050	246,028	67,003	384,081
Cedinsa Group	118,912	(6,824)	(361)	111,727
Cementos Portland Valderrivas Group	2,145	19,486	1,348	22,979
Rest	5,701	(7,221)	5,230	3,710
	197,808	251,469	73,220	522,497
2018				
FCC Aqualia Group	71,050	153,775	24,550	249,375
Cementos Portland Valderrivas Group	1,894	18,649	1,315	21,858
Rest	7,031	(5,728)	2,286	3,589
	79,975	166,696	28,151	274,822

The main change of this heading is due to the takeover of Shariket Tahlya Mostaganem, S.p.a. and the Cedinsa group discussed above, which has led to the recognition of non-controlling interests for an amount of 136,998 and 111,727 thousand euros respectively.

18. NON-CURRENT AND CURRENT PROVISIONS

The detail of the provisions at 31 December 2019 and 2018 is as follows:

	2019	2018
Non-current	1,130,199	1,161,989
Liabilities for long-term employee benefits	21,649	23,171
Dismantling, removal and restoration of fixed and r	100,250	98,807
Environmental actions	256,547	237,829
Litigation	164,727	168,459
Contractual and legal guarantees and obligations	66,149	58,656
Actions to improve or expand the capacity of conces	194,172	139,256
Other provisions for risks and expenses	326,705	435,811
Current	249,581	209,264
Close-outs and losses on construction contracts	226,898	193,273
Other provisions	22,683	15,991

The changes in the provisions heading in 2019 and 2018 were as follows:

	Non-current provisions	Current provisions
Balance at 31/12/2017	1,140,965	165,793
Asset withdrawal or dismantling expenses	9,151	-
Change of obligations for employee benefits for actuarial profits and losses	(1,727)	-
Actions to improve or expand the capacity of concessions	15,004	-
Endowments/(Reversals)	105,391	37,792
Applications (payments)	(122,767)	(6,360)
Change of scope, conversion differences and other movements	15,972	12,039
Balance at 31/12/2018	1,161,989	209,264
Asset withdrawal or dismantling expenses	8,898	-
Change of obligations for employee benefits for actuarial profits and losses	4,262	-
Actions to improve or expand the capacity of concessions	10,993	-
Endowments/(Reversals)	16,740	65,567
Applications (payments)	(116,886)	(55,862)
Change of scope, conversion differences and other movements	44,203	30,612
Balance at 31/12/2019	1,130,199	249,581

Within the "allocations (reversals)" item, the allocations for environmental actions for 35,324 thousand euros (30,314 thousand euros as at 31 December 2018) are noteworthy, as well as provisions for future replacement actions or major repairs in concessions for 19,199 thousand euros (14,183 thousand euros as at December 2018). The allocation of 25,000 thousand euros in 2018 to hedge certain risks in international projects in the Construction activity should also be noted.

The "Applications (payments)" item shows payments amounting to 23,580 thousand euros (19,012 thousand euros as at 31 December 2018), and 16,899 thousand euros (6,274 thousand euros as at 31 December 2018) for environmental actions, and for replacement actions and major repairs in concessions, respectively, which affects the "Other receipts/(payments) of operating activities" in the Consolidated Statement of Cash Flows. Meanwhile, 14,044 thousand euros (14,908 thousand euros as at 31 December 2018), and 10,027 thousand euros (9,752 thousand euros as at 31 December 2018) are included for actions to improve or expand capacity in concessions, and provisions for the dismantling

and removal of fixed assets, respectively. These amounts have an impact on the "Payments for investments of property, plant and equipment, intangible assets and real estate investments" heading of the Consolidated Statement of Cash Flows.

The movement of current provisions is mainly due to losses from works in the Construction activity.

In 2018, provisions were applied for tax returns amounting to 38,130 thousand euros (note 23). This application did not imply a cash outflow for the Group, as it was offset by tax credits that the Tax Group had recognised.

The provisions contained in the accompanying consolidated balance sheet are considered to hedge liabilities that may arise in the development of the various activities of the Group.

The schedule of expected payments at 31 December 2019, as a result of the obligations covered by non-current provisions, is as follows:

	Up to 5 years	More than 5 years	Total
Liabilities for long-term employee benefits	4,589	17,060	21,649
Dismantling, removal and restoration of fixed and non- Environmental actions	67,180	33,070	100,250
Litigation	42,265	214,282	256,547
Contractual and legal guarantees and obligations	46,885	117,842	164,727
Actions to improve or expand the capacity of concessior	42,555	23,594	66,149
Other provisions for risks and expenses	56,117	138,055	194,172
	213,473	113,232	326,705
	473,064	657,135	1,130,199

Liabilities for long-term employee benefits

The non-current provisions of the accompanying consolidated balance sheet include those that cover the commitments of the Group companies in matters of pensions and similar obligations, such as medical and life insurance, as indicated in note 24.

Dismantling, removal and restoration of fixed assets

The "Expenses for the withdrawal or dismantling of assets" item includes the counterpart of the highest asset value corresponding to the updated value of the expenses that will be incurred at the time the asset stops being used.

Actions to improve or expand the capacity in concessions

The "Actions to improve or expand the capacity of concessions" item includes both the counterpart of the highest value of fixed and non-current assets corresponding to the updated value of the actions on the infrastructure that the concessionaire will carry out during the concession period for improvements and capacity expansion, as well as the cost of future replacement actions or major repairs in concessions of the intangible model.

Environmental actions

The FCC Group develops an environmental policy based not only on strict compliance with current legislation on the improvement and protection of the environment, but also through the establishment of preventive planning and analysis and minimisation of the environmental impact of the activities the Group carries out.

The Management of the FCC Group considers that the contingencies relating to the protection and improvement of the environment at 31 December 2019, would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover the probable environmental risks that may arise.

Note 28 to these notes to the consolidated financial statements, which is devoted to information on the environment, complements the foregoing in relation to environmental provisions.

Provisions for litigation

Provisions for litigation cover the contingencies of the FCC Aqualia Group companies acting as defendants in certain proceedings in relation to the liability inherent to the business activities carried on by them. Any litigation, which may be significant in number according to estimates made on its final outcome, is not expected to have an impact on the Group's equity.

This item includes 96,018 thousand euros for the appeal against the sale of Alpine Energie, which is discussed in more detail below.

Contractual and legal guarantees and obligations

This heading includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

Provision for settlement and loss of works

Relating to the losses budgeted for in works in accordance with the valuation principles set forth in note 3.r) and to the expenses derived from the time they are completed until they are paid in full, systematically determined according to a percentage of the value of the output throughout the execution of the works according to the experience in the construction activity.

Other provisions for risks and expenses

This heading includes those items not included in the previous denominations, including certain provisions related to Alpine for 39,832 thousand euros, which are discussed in greater detail in the following paragraphs.

The amount of the Other provisions for risks and expenses not related to Alpine covers various risks arising from the Group's activity to which it is exposed in the normal course of its business, mainly construction defects or discrepancies in the services provided for the amount of 149,419 thousand euros (234,552 thousand euros as at December 2018), as well as tax claims amounting to 14,707 thousand euros (32,249 thousand euros as at December 2018). Part of these risks are covered by insurance contracts and the corresponding provision is provided for uninsured amounts.

It also includes provisions resulting from recognising additional losses above the initial value of the investment in associates after incurring legal or implicit obligations in relation to the investment in the

associate, for an amount of 48,277 thousand euros (51,022 thousand euros at December 2018), with the remaining provisions being less relevant and related to the normal operation of the Group.

In relation to the provisions and risks arising from the winding up of the Alpine Group, 2019 saw no significant changes in terms of the amount reported in the Group's 2018 Financial Statements.

In 2006, the Group acquired an absolute majority in Alpine Holding GmbH, hereinafter AH, and thereby, indirectly in its operating subsidiary, Alpine Bau GmbH, hereinafter AB.

On 19 June 2013, AB initiated insolvency proceedings before the Commercial Court of Vienna with a recovery proposal for under receivership. Once the official receiver found that the recovery proposal was unfeasible, he ruled, and the court decreed, that the company should be declared bankruptcy and wound up the company, going into receivership on 25 June 2013. As a result of AB's bankruptcy, its Parent Company, AH filed bankruptcy proceedings before the Commercial Court, asking to be declared bankrupt on 28 June 2013; this application was granted on 2 July 2013.

The direct consequence of both receivership proceedings on the subsidiaries of FCC Construcción, S.A., is that it loses control over the Alpine Group, affecting its consolidation.

On the reporting date, the administrators recognised liabilities of approximately EUR 1,669 million in AB and EUR 550 million in AH as part of the corresponding receivership proceedings. The current share in the bankruptcy assets amounts to 13%.

In September 2014, BDO Financial Advisory Services GmbH issued a report at the request of the insolvency receivers of AH and AB stating that AB had been insolvent since at least October 2010.

In July 2015, the Court that was processing AB's bankruptcy agreed to the request of the insolvency receiver to commission the preparation of a report to determine the date on which it should be understood that AB became over-indebted for bankruptcy purposes. The appointed expert was Mr Schima who, based on the report by BDO (the firm at which he was a partner at the issue date of the report), reached the same conclusions, indicating that AB had been insolvent since October 2010. However, in contrast to these conclusions by the insolvency receiver, which were used in several court proceedings, other reports were prepared by experts in the various proceedings, such as Mr Konecny for the Anti-Corruption Prosecutor, AKKT for the Banks, Rohatschek for Deloitte Audit Wirtschaftsprüfungs GmbH and E&Y for FCC, all of whom reached different conclusions to BDO/Schima. In particular, in 2017, the prosecutor's expert, a Doctor of Law and an Audit Expert, issued his fourth and final report. The expert reports concluded that (i) it cannot be guaranteed that there had been any fraud in the individual financial statements of AB and AH and consolidated financial statements of AH and (ii) the ultimate insolvency date of AB and AH was set as 18 June 2013.

In 2010, 2011 and 2012, AH issued three bonds for a combined nominal value of EUR 290 million, which were admitted for trading on the Luxembourg and Vienna stock exchanges. AH, as the issuer of the bonds, as well its directors and members of its supervisory board, may be held liable before the bondholders for claims of damages if the final decision declares that the information contained in the corresponding issue prospectus was incorrect or incomplete or underpinned by false data.

The complaint filed by a bondholder before the Central Prosecutor's Office for Economic Crimes and Corruption (Wirtschafts- und Korruptions-Staatsanwaltschaft) immediately after both companies were declared bankrupt, prompted the initiation of criminal proceedings in July 2013. Around 480 private prosecutions were filed, mainly by bondholders (Privatbeteiligte), claiming damages of EUR 378 million plus legal interest.

Prior to 15 May 2018, when the Prosecutor's Office decided to archive the previous proceedings, it was investigating more than 25 natural and legal persons in relation to the commission of crimes related to the bankruptcy of the Alpine Group, specifically alleged bankruptcy-related crimes and fraudulent accounting in the financial statements of the Alpine Group.

Pursuant to the provisions on the criminal liability of legal persons in Austrian criminal law (Verbandsverantwortlichkeitsgesetz), if a court hands down a final ruling against the Parent Companies of AB and AH holding them criminally responsible, considering them de facto directors, the former bondholders or other affected creditors could file claims for damages against Fomento de Construcciones y Contratas, S.A. or FCC Construcción, S.A., under the aforementioned "Schutzgesetze" protection standards. Furthermore, should any of the Group's companies be held criminally liable, they would be banned from participating in public tenders in Austria. During the first half of 2018, the Prosecutor shelved the criminal proceedings filed against FCC and others, although some parties to the private prosecution requested that the proceedings be reopened. The Prosecutor opposed this, arguing that, in addition to the time bar, none of the petitions to reopen the case were supported by the law, as all they were doing was seeking an appraisal of the evidence that was more in line with their particular interests in the case.

In July 2019, Vienna's High Court of Justice rejected the suits filed by the bondholders and other private prosecutions in full, meaning that the preliminary proceedings in the context of the investigation into the commission of any crime in the bankruptcy of the Alpine Group have been definitively archived, as the ruling by the Vienna's High Court is final.

As a result of this bankruptcy process, at 31 December 2019, the Group had recognised provisions amounting to 135,850 thousand euros in relation to the Alpine subgroup, to cover risks and liabilities arising from the bankruptcies of AH and AB. The breakdown of these provisions is as follows:

Appeal against the sale of Alpine Energie	96,018
Guarantees committed and accounts receivable for Alpine works	39,832
Total	135,850

The provision for the challenge to the sale of Alpine Energie Holding AG, amounting to 96,018 thousand euros covers the risk relating to the retroactive suit filed by the insolvency administrator of AB on 11 June 2014 against the Group's parent company, Fomento de Construcciones y Contratas, S.A. and two of its subsidiaries, Asesoría Financiera y de Gestión, S.A. and BVEFTDOMINTAENA Beteiligungsgverwaltung GmbH.

FCC Construcción, S.A. granted corporate guarantees for AB and other operating subsidiaries of AB to tender and successfully bid for works contracts; six and a half years after the bankruptcy, the risk of these guarantees being enforced has waned. Furthermore, in the normal course of operations, the Group generated accounts receivable from the Alpine Group, which, as a result of the bankruptcy proceedings, are unlikely to be collected. To cover both risks, the Group has set aside provisions under liabilities on the balance sheet for 39,832 thousand euros.

Between the bankruptcy of AH and AB and the date on which these financial statements were authorised for issue, the following actions have been taken against the Group and the directors of AH and AB:

- **Preliminary proceedings 19 St 43/13y-1 processed by the Financial Crimes and Anti-corruption Prosecutor**

These proceedings were initiated in July 2013 following the complaint filed by a bondholder against the directors of Alpine Holding GmbH at the time the bonds were issued and insolvency proceedings were initiated. This complaint formed the basis for the investigations by the Financial Crimes and Anti-corruption Prosecutor, who ruled in May 2018 that they should be archived; this decision to archive the investigations was confirmed in the final ruling of Vienna's High Court of Justice in July 2019.

- **Civil and Commercial Proceedings**

- Retroactive suit filed by the administrator of Alpine Bau GmbH on 11 June 2014 against FCC and two subsidiaries from its scope of consolidation, Asesoría Financiera y de Gestión, SA and BVEFDOMINTAENA Beteiligungsverwaltung GmbH, as jointly liable parties, challenging the sale of the shares in Alpine Energie Holding AG to the latter of the two subsidiaries. The administrator is not seeking the repayment of the estate by Alpine Energie Holding AG, but the payment of 75 million euros plus interest. The proceedings are still in the evidence phase.
- In April 2015, the administrator of Alpine Holding GmbH filed a claim for 186 million euros against FCC Construcción, S.A. considering that the company should compensate Alpine Holding GmbH for the amounts collected through two bond issues in 2011 and 2012 that were allegedly provided by this company to its subsidiary, Alpine Bau GmbH, without the necessary guarantees and without doubt under the mandate of FCC Construcción S.A. On 31 July 2018, the ruling dismissing the claim was handed down and the claimant ordered to pay the costs. The administrator filed an appeal due to procedural defects in September 2018, which was challenged by FCC Construcción S.A. in October 2018. In April, the Provincial Court of Vienna issued a ruling confirming the procedural defects, referring the cases back to the courts for witness evidence to be taken and for a ruling to be handed down accordingly. FCC filed an appeal against this ruling in May 2019 before the Supreme Court.
- In April 2017, a Group company, Asesoría Financiera y de Gestión S.A. was informed of a lawsuit in which the administrator jointly sought the payment of 19 million euros from the former CFO of Alpine Bau GmbH and Asesoría Financiera y de Gestión S.A. for alleged breach of corporate law and insolvency rules, in the belief that Alpine Bau GmbH, by constituting a deposit in Asesoría Financiera y de Gestión S.A. would have made payments from its own funds, amounting to a capital return, which is prohibited by law. The proceedings are currently in the evidentiary phase and a court expert has issued a report that is being considered by the parties.
- Similarly, in April 2017 a former employee of FCC and ex-executive at AH and AB was notified of a suit filed by the bankruptcy administrator of Alpine Bau GmbH, claiming 72 million euros for alleged damages caused to the bankruptcy assets, caused by an alleged culpable delay in filing bankruptcy proceedings.

The consolidated financial statements include the provisions mentioned above to cover the probable risks relating to any of these lawsuits. In terms of the other disputes, the Group and its legal advisors do not believe there will be any future outflows of cash or prior to the issuance of the next report; therefore, no provisions have been set aside, as the Group believes that they represent contingent liabilities (Note 25).

19. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

The general policy of the FCC Group is to provide all companies with the most adequate financing for the normal development of their activity.

Whenever the financial operation so requires, and following a hedging criterion for economic and accounting purposes, the Group contracts interest rate risk hedging operations according to the type and structuring of each operation (note 22).

In certain financings, and especially in structured financing without recourse, the funder includes a contractual clause stating that there must be some type of interest rate coverage, studying the best hedging instrument according to the profile of the cash flows presented by the project, as well as the debt repayment schedule.

a) Non-current and current obligations and loans

The breakdown of the issues of current obligations and loans is as follows:

	Non-current	Current	Total
2019			
FCC Aqualia, S.A.	1,350,000	15,227	1,365,227
FCC Servicios Medio Ambiente Holding, S.A.U.	1,093,658	1,042	1,094,700
Fomento de Construcciones y Contratas, S.A.	-	300,000	300,000
Smvak	212,537	2,541	215,078
FCC Environment Group (UK)	144,150	5,794	149,944
	2,800,345	324,604	3,124,949
2018			
FCC Aqualia, S.A.	1,350,000	15,227	1,365,227
Smvak	209,898	2,510	212,408
FCC Environment Group (UK)	142,733	5,571	148,304
	1,702,631	23,308	1,725,939

The details of the non-current and current obligations and loans formalised by the Group are detailed below:

- On 8 June 2017, FCC Aqualia, S.A. successfully completed two simple bond issues. One for 700 million euros, with an annual remuneration of 1.413% and due in 2022, and the second for 650 million euros, with an annual remuneration of 2.629% and due in 2027.

Both issues have the following guarantees:

- Pledge on 100% of the shares of Tratamiento Industrial de Aguas, S.A., Conservación y Sistemas, S.A., Sociedad Española de Aguas Filtradas, S.A., Depurplán 11, S.A., and Aigues de Vallirana, and 97% of the shares of Entemanser, S.A.
- Pledge on 100% of the shareholdings of Infraestructura y Distribución General del Agua, S.L., Empresa Gestora de Aguas Linenses, S.L., Aguas de las Galeras, S.L., Hidrotec Tecnología del Agua, S.L. and on 51% of Aqualia Czech.
- Pledge on 98% of the shares of Acque di Caltanissetta and on 100% of the shares of Aqualia Mexico, S.A. de C.V.
- Pledge on the collection rights over certain accounts.

The issuance and circulation of both bonds took place on 8 June 2017, being admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, and with an investment grade rating from the Fitch rating agency.

The balance at 31 December 2019 covered by this item amounts to 1,365,227 thousand euros (the same amount in 2018), with 15,227 thousand euros being included in this figure for accrued and unpaid interest (the same amount in 2018).

At 31 December 2019, the 700 million euro bond was listed at 102.42% and the 650 million euros bond was listed at 107.31%.

- On 4 December 2019, FCC Servicios Medioambiente Holding S.A.U., successfully completed two simple bond issues. One for 600 million euros, with an annual remuneration of 0.815% and due in 2023, and the second for 500 million euros, with an annual remuneration of 1.661% and due in 2026.

Both issues have the personal guarantee of FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U.

The issuance and circulation of both bonds took place on 4 December 2019, being admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, and with an investment grade rating from the Fitch rating agency.

Opinion has been issued by an independent institution, CICERO Shades of Green, under which the governance procedures of the Company were rated as "Good" and the Bond issues were rated as "Light Green" issues.

A large part of the funds obtained by FCC Servicios Medioambiente Holding, S.A.U. were used to repay the debt with its FCC parent company, which allocated the funds received for the voluntary early repayment of all of its syndicated financing, and which was signed in September 2018 for 1.2 billion euros.

The balance at 31 December 2019 covered by this item amounts to 1,094,700 thousand euros, which includes 1,042 thousand euros for accrued and unpaid interest.

At 31 December 2019, the 600 million euro bond was listed at 100.36% and the 500 million euros bond was listed at 99.93%.

- In November 2018, Fomento de Construcciones y Contratas, S.A. recorded a promissory note programme, the Euro Commercial Paper Programme (ECP), on the Irish stock exchange (Euronext Dublin) for 300 million euros (not drawn in 2018), which was subsequently extended to 600 million euros in March 2019, at a fixed interest rate and with a maximum maturity of one year, making it possible to issue with due dates of between 1 to 364 days from the date of issuance, in order to meet the financial needs of the Group.

At 31 December 2019 the outstanding balance on this programme was 300 million euros, with maturities ranging, from four to nine months.

- Severomoravské Vodovody a Kanalizace Ostrava, A.S. (Smvák) issued a local bond in July 2015 to repay another one issued in 2005, with its main characteristics being a fixed rate, a term of 7 years and for an amount of 5,400,000 thousand CZK, with a coupon of 2.625% and with an investment grade rating from the Fitch rating agency.

The balance at 31 December 2019 covered by this item amounts to 215,078 thousand euros (as at 31 December 2018 it was 212,408 thousand euros), including 2,541 thousand euros of accrued and unpaid interest (2,510 thousand euros in 2018). The price of these obligations as at 31 December 2019 was 99.32%.

There is no collateral for this issue.

- In the context of the Azincourt refinancing carried out in June 2018, with more details in section b) of this note in the 2018 financial statements, debt was issued for a total amount of 145,000 thousand pounds sterling in two institutional tranches, both structured through the issuance of Private Placement bonds.

One of the tranches for 135,000 thousand pounds with a fixed rate of 3.98% and the other tranche for 10,000 thousand pounds with a fixed rate of 4.145%, both due on 17 June 2038. 5,192 thousand pounds were repaid in 2019.

The guarantees of this issue are detailed in section 3. of this note.

The balance at 31 December 2019 covered by this item amounts to 149,944 thousand euros.

b) Non-current and current bank borrowings

The breakdown at 31 December 2019 and 2018 is as follows:

	Non-current	Current	Total
2019			
Credits and loans	61,679	27,196	88,875
Debts without recourse to the parent	379,343	42,058	421,401
Debts with limited recourse for project financing	878,245	86,146	964,391
Cedinsa Group	533,925	21,143	555,068
FCC Environment Group (UK)	198,263	53,663	251,926
Rest	146,057	11,340	157,397
	1,319,267	155,400	1,474,667
2018			
Credits and loans	1,204,651	141,273	1,345,924
Debts without recourse to the parent	330,015	27,695	357,710
Debts with limited recourse for project financing	453,963	42,487	496,450
FCC Environment Group (UK)	299,134	14,241	313,375
Rest	154,829	28,246	183,075
	1,988,629	211,455	2,200,084

The previous table shows three different Debt groups:

1. Credits and loans.

On 5 December 2019, Fomento de Construcciones y Contratas, S.A. made a voluntary early repayment of all syndicated financing signed in 2018 for the amount of 1.2 billion euros. This repayment was made using a large part of the funds obtained from the issuance of FCC Servicios Medioambiente Holding S.A.U. bonds explained in the previous section, together with funds from new bilateral lines that were signed and are described below.

This operation allows FCC to successfully complete a debt reduction and financial reorganisation process initiated five years ago, with which it has achieved a much more solid and efficient capital structure, with amounts, terms and financing costs in line with the nature of its different business areas (note 29).

At 31 December 2019, this section mainly includes financing facilities in the form of credit policies and bilateral loans for a drawn down amount of 500 million euros with different local financial institutions. At 31 December 2019, the drawn down balance of this financing amounted to 87 million euros.

2. Debts without recourse to the parent.

Item that mainly incorporates the financing corresponding to the Cementos Portland Valderrivas (CPV) group.

CPV financing is implemented in a senior financing contract for an original amount of approximately 455.7 million euros, which includes partial maturities and a final maturity of five years (July 2021). The interest rate applicable to this loan is Euribor plus a differential of 2.43%, with the possibility of reduction depending on the performance of the leverage.

On 2 October 2018, CPV repaid 100 million euros debt of its senior financing contract with the funds from the contribution made by FCC, S.A. under the financial support contract between the two, for

which a subordinated loan was taken out, thus ending the financial support obligations that the Parent Company had granted to this project.

A total of 46 million euros of debt was repaid in 2019, with 25 million euros having been repaid early and voluntarily, applied to the repayment instalments planned for 29 June 2020 and 30 December 2020.

As at 31 December 2019, the total outstanding balance of this loan amounts to 234.7 million euros (280.7 million euros as at 31 December 2018).

This financing requires compliance with a series of financial ratios until its maturity. At 31 December 2019, one of the required ratios had not been met, although prior to the end of the business year, compliance was waived for 2019 by the financial institutions.

CPV also has a subordinated financing contract for an original amount of 79.5 million euros, maturing 6 months after the expiration of the Senior Financing Contract. On 30 November 2017, an early repayment was made for 9.1 million euros following the sale of a property that month. At 31 December 2019 and 2018, the outstanding balance of this loan is 70.4 million euros.

As at 31 December 2019, the guarantees granted in relation to said financing only affect shares of CPV group investees.

The rest of the debt in this section corresponds to debt from the Water area, mainly from Shariket Tahlya Mostaganem, S.p.A. (Note 4) and the Services area, mainly from the ASA subgroup.

3. Debts with limited recourse for project financing.

Covering all financings that are only guaranteed by the project itself and by its cash generation capacity, which will bear the total payment of the debt service and which, under no circumstance, will be guaranteed by the Fomento de Construcciones y Contratas, S.A. parent company or any other company of the FCC Group.

- In November 2019, the Cedinsa group took control of Cedinsa Concessionària, S.A. (Note 4); this company is also the parent company of a group of subsidiaries dedicated to the construction, operation and maintenance of public infrastructure under concession.

At 31 December 2019, the total debts of the concessionary companies that form the Cedinsa group with credit institutions amount to 555 million euros and correspond to the following concessions: Cedinsa Eix Transversal Concessionària de la Generalitat de Catalunya, S.A.U. for 352 million euros, corresponding to two senior credit contracts signed in 2010 and ending in 2033; Cedinsa Eix Llobregat Concessionària de la Generalitat de Catalunya, S.A.U. for 167 million euros corresponding to a senior credit contract formalised in 2006 and maturing in 2033; and Cedinsa d'Aro Concessionària de la Generalitat de Catalunya, S.A.U. for 36 million euros, corresponding to a senior credit agreement formalised in 2009 and maturing in 2033. The interest rate of the aforementioned operations is referenced to Euribor plus a market differential.

The previous debts, being project financing, include the standard guarantees for this type of financing. Specifically, a mortgage has been taken out on the concessions and the shares of the concessionaires subject to the concession and the future credit rights that are generated have been pledged.

These financings are associated with the interest rate hedges detailed in note 22.

- FCC Environment Group (UK). The full debt of Azincourt Investment, S.L. was repaid in 2019. (a company fully owned by FCC, S.A., and in turn holding 100% of the shares of FCC Environment UK), the first part on 8 March 2019 through a partial repayment of 19.4 million pounds sterling and the remaining 70 million pounds on 5 December 2019 with part of the funds obtained from the bond issue of FCC Servicios Medioambiente Holding S.A.U. (note 19). The company currently has a factoring line of 30 million pounds not drawn down as at 31 December 2019.

The debt of the aforementioned Azincourt company was refinanced in 2018 by issuing debt on two assets (Allington and Eastcroft incinerator plants) and using those funds to reduce the debt that Azincourt had at that time.

In that context, FCC Energy Ltd was established, whose assets were Allington and Eastcroft, and a debt of 207.4 million pounds was issued. This debt has a term of 20 years (maturing on 17 June 2038) and three different tranches, two institutional for an initial total amount of 145 million pounds described in section a) of this note, and a commercial tranche of 62.4 million pounds. The interest rate of the commercial tranche is a variable rate hedged with an exchange of interest that makes it fixed plus an upward margin of up to 2.75% during the life of the project. 2.2 million pounds were repaid from commercial tranche in 2019.

Being project funding, the financing of FCC Energy includes the standard guarantees for this type of financing, such as the pledging of the company's shares and the rest of its assets, which include the companies that operate the two waste incineration plants.

In October 2016, FCC Environment signed a 142 million pound contract to design, finance, build and operate the Millerhill Recycling and Energy Recovery Centre (RERC) in Midlothian, located on the outskirts of Edinburgh. The agreement provided for a construction period of 30 months, with the activity period beginning in 2019, and followed by an operating period for the next 25 years. The plant has two syndicated loans, one amounting to 75.71 million pounds, due in August 2042, and another for 36.9 million pounds due in May 2020. The margins of the loan due in 2042 range from 3% to 3.5%. The margin of the loan due in 2020 is 2.2%. At the end of 2019, the debt drawn down for the project was 111.5 million pounds (75.2 million of the syndicated loan due in 2042 and 36.3 million of the syndicated loan due in 2020).

In summary, at 31 December 2019, of the total FCC Environment Group (UK) debt with credit institutions, 64.6 million euros correspond to FCC Energy Ltd. and FCC. T&M (Edimburgo) 130,2 millones de euros; the rest of the debt with limited resource for project financing, up to the total amount of 251.9 million euros, corresponds to the debt of other companies that make up the FCC Group in the United Kingdom.

- "Other debts with limited resource for project financing" includes Aquajerez, S.L. for 61.9 million euros at 31 December 2019.

The financing of Aquajerez, S.L. was signed on 21 July 2016, amounting to 40 million euros for a period of 15 years with six-monthly repayments since January 2017. In 2019, FCC Aqualia, S.A., which already held 51% of this company, acquired the remaining 49% (note 4) and extended the initial loan to 65 million euros.

This financing is associated with a mandatory interest rate hedging of 15 years on 70% of the nominal, as shown in note 22 of derivative financial instruments. This hedging was also renewed in line with the credit increase.

As at 31 December 2019 there have been no breaches of financial ratios associated with project financing debts, and they are not expected to be defaulted during 2020.

The guarantees granted on these loans are real and are based on the financed assets that repay the debt with own flows, without additional guarantees granted by the Parent Company to pledge the shares in the vehicle companies that own the aforementioned financial assets that may have been granted.

The breakdown of the debts with credit institutions by currency and amounts available at 31 December 2019 and 2018 is as follows:

	Euros	US dollars	Pounds Sterling	Czech koruna	Rest	Total
2019						
Credits and loans	87,252	1,623	-	-	-	88,875
Debt without recourse to the parent	341,256	-	-	7,206	72,939	421,401
Debts with limited recourse for project financing	695,428	-	251,926	-	17,037	964,391
	1,123,936	1,623	251,926	7,206	89,976	1,474,667
2018						
Credits and loans	1,342,306	3,618	-	-	-	1,345,924
Debt without recourse to the parent	357,313	-	-	-	397	357,710
Debts with limited recourse for project financing	141,361	-	313,375	8,198	33,516	496,450
	1,840,980	3,618	313,375	8,198	33,913	2,200,084

Credits and loans in US dollars mainly finance assets from the Construction Area; those taken out in pounds sterling correspond to the financing of assets of the FCC Environment UK group in the United Kingdom; those taken out in Czech koruna finance the operations of FCC Environment CEE in the Czech Republic; and in the rest of the currencies the financing of Shariket Tahlya Mostaganem, S.p.A. denominated in Algerian dinars.

c) Other non-current financial liabilities

	2019	2018
Non-current		
Lease debt (note 9)	405,391	30,083
Third party financial debts outside the group	282,887	113,813
Derivative financial liabilities (note 22)	168,171	15,108
Deposits and guarantees received	39,788	37,814
Other items	14,421	12,354
	910,658	209,172

The increase in the "Lease debts" heading (note 9) is due to the fact that while the lease liabilities recognised in 2019 as a result of the application of IFRS 16 "Leases" (note 2) are included, in 2018 only liabilities for leases that were considered financial under the previous regulations were included. The increase in "Third party financial debts outside the group" as at 31 December 2019 mainly includes the financial debt of the Cedinsa Group companies with the Generalitat de Catalunya for 206,466 thousand euros at 31 December 2019.

"Derivative financial liabilities" mainly include financial derivatives for risk hedging, mainly interest rate swaps. The increase on the previous period due to the incorporation of the Cedinsa Group derivatives after its takeover (notes 4 and 22) is noteworthy.

d) Other current financial liabilities

	2019	2018
Current		
Lease debt (note 9)	78,985	21,376
Interim dividend payable	1,536	988
Third party financial debts outside the group	24,987	29,479
Suppliers of fixed and non-current assets and bills payable	31,332	27,507
Debts with associated companies and joint ventures	4,366	11,505
Derivative financial liabilities (note 22)	3,033	2,564
Deposits and guarantees received	53,456	52,157
Other items	5,912	563
	203,607	146,139

The "Guarantees and deposits received" heading includes the advance payment received for the agreement to sell the shareholding in Concesionaria Túnel de Coatzacoalcos, S.A. for 48,396 thousand euros in both years, an entity linked to the majority shareholder of the Parent Company.

e) Schedule of expected due dates

The schedule of expected due date of debts with credit institutions, obligations and loans and other non-current financial liabilities, is as follows:

	2021	2022	2023	2024	2025 and beyond	Total
2019						
Debt instruments and other marketable securities	7,218	918,432	619,328	7,057	1,248,310	2,800,345
Non-current bank borrowings	336,165	155,805	77,199	54,858	695,240	1,319,267
Other financial liabilities	133,694	53,428	49,891	55,057	618,588	910,658
	477,077	1,127,665	746,418	116,972	2,562,138	5,030,270

f) Changes in financial liabilities that affect cash flows from financing activities

Below are details of the changes in non-current and current financial liabilities, differentiating those that affected cash flows from financing activities in the Statement of Cash Flows from the remaining changes:

	Balance at 1 January 2019	Cash flows from financing activities	Without an impact on cash flows				Balance at 31 December 2019
			Exchange differences	Change of fair value	Change consolidation method	Other changes	
Non-current	3,900,432	1,297,983	22,309	13,372	961,856	(1,165,682)	5,030,270
Debt instruments and other marketable securities	1,702,631	1,092,639	9,981	-	-	(4,906)	2,800,345
Bank borrowings	1,988,629	172,347	17,328	-	592,864	(1,451,901)	1,319,267
Other financial liabilities	209,172	32,997	(5,000)	13,372	368,992	291,125	910,658
Current	380,902	(1,529,516)	5,253	11,123	32,142	1,783,707	683,611
Debt instruments and other marketable securities	23,308	255,211	318	-	-	45,767	324,604
Bank borrowings	211,455	(1,592,587)	958	-	20,277	1,515,297	155,400
Other financial liabilities	146,139	(192,139)	3,977	11,123	11,865	222,642	203,607

	Balance at 1 January 2018	Cash flows from financing activities	Without an impact on cash flows				Balance at 31 December 2018
			Exchange differences	Change of fair value	Change consolidation method	Other changes	
Non-current	4,279,585	(286,194)	(12)	(1,507)	81,823	(173,263)	3,900,432
Debt instruments and other marketable securities	1,560,546	148,303	(648)	-	-	(5,570)	1,702,631
Bank borrowings	2,507,571	(430,585)	151	-	17,312	(105,820)	1,988,629
Other financial liabilities	211,468	(3,912)	485	(1,507)	64,511	(61,873)	209,172
Current	827,528	(712,947)	(11,493)	1,788	13,509	262,517	380,902
Debt instruments and other marketable securities	48,609	(66,001)	(8)	-	-	40,708	23,308
Bank borrowings	649,677	(625,860)	(2,430)	-	25	190,043	211,455
Other financial liabilities	129,242	(21,086)	(9,055)	1,788	13,484	31,766	146,139

In "Change consolidation method", the 918,137 thousand euros contributed by the Cedinsa Group and the 52,805 thousand euros contributed by Shariket Tahlya Miyah Mostaganem, S.p.A. as a result of becoming consolidated by global integration after the takeover (note 4) are noteworthy. In addition, "Other movements" highlights the debt arising as a result of the first application of IFRS 16 "Leases" for an amount of 388,462 thousand euros in "Other non-current financial liabilities" and 43,805 thousand euros in "Other current financial liabilities" (notes 2, 3 and 9)

20. OTHER NON-CURRENT LIABILITIES

This heading mainly includes the performance obligations under the concession derived from the collection of the intangible component of the Buckinghamshire plant (note 10) according to the conditions established in the contract for the amount of 128,806 thousand euros at 31 December 2019 (129,013 thousand euros as at 31 December 2018).

21. TRADE AND OTHER ACCOUNTS PAYABLES

The breakdown of the "Trade and other accounts payable" heading in the liability side of the balance sheet as at 31 December 2019 and 2018 is as follows:

	2019	2018
Suppliers	1,157,753	1,126,368
Current tax liabilities (note 23)	56,815	44,480
Other payables to Public Administrations (Note 23)	287,993	296,481
client advances (note 15)	380,695	492,174
Remuneration payable	71,970	70,693
Other payables	414,735	370,194
	2,369,961	2,400,390

With regard to the Spanish Institute of Accounting and Accounts Auditing (ICAC) Resolution of 29 January 2016, issued in compliance with the mandate of the Second Additional Provision of Law 31/2014, of 3 December, which amends the Third Additional Provision of Law 15/2010, of 5 July, establishing measures to combat late payment in commercial transactions, in 2019 the Group operated primarily in Spanish territory with public clients including the central government, regional government, local corporations and other public bodies, which settle their payment obligations in periods exceeding the statutory limit in Public Sector Contract legislation, and in Law 3/2004, of 29 December 2004, establishing measures to combat late payment in commercial transactions.

It should be noted that the provisions of section 5 of article 228 of the current Consolidated Text of the Public Sector Contract Law (CTPSCL) apply to the works and supplies derived from contracts signed by the Group with the different Public Administrations.

Due to such circumstances and in order to adapt the Group's financial policy to reasonable efficiency levels, the usual payment periods to suppliers were maintained in 2019 in the sectors in which the Group operates.

The Group's payment policy to suppliers, indicated in the foregoing two paragraphs, hence finds support in: a) Payments to suppliers under agreements entered into by the Group with the public authorities, pursuant to article 228.5 of the CTPSCL, and b) Payments to remaining suppliers under the Second transitional provision of Law 15/2010, and, where appropriate, that provided for in article 9 of Law 3/2004, which excludes from the abusive nature the "deferral of the payment for objective reasons" taking into consideration, in both cases a) and b) the usual payment period in the sectors in which the Group operates.

The Group also acknowledges and pays suppliers, always by mutual agreement, any late-payment interest agreed in the contracts, providing negotiable payment methods accompanied by exchange

procedures. Such agreements, aside from being expressly provided for, as mentioned, in the CTPSCL, are admissible under Directive 2011/7/EU, of 16 February, of the European Parliament and the Council.

The Group has also entered into confirming line and similar contracts with different financial institutions to facilitate early payment to suppliers. In accordance with these contracts, a supplier may exercise its collection rights against the Group companies or entities and obtain the invoiced amount, less the financial costs for discount and fees applied by those entities and, in some cases, amounts withheld as guarantee. The total amount of the lines taken out amounted to 90,525 thousand euros at 31 December 2019 (103.262 thousand euros at 31 December 2018), the balance available being 29.454 thousand euros at 31 December 2019 (24.092 thousand euros at 31 December 2018). The above-mentioned contracts do not modify the main payment conditions (interest rate, deadline or amount), so they are classified as commercial liabilities.

In compliance with the aforementioned Resolution, a table is set out below with information on the average payment period to suppliers for companies located in Spain, for those commercial operations accrued from the date of entry into force of the aforementioned Law 31/2014, i.e. 24 December 2014:

	2019	2018
	Days	Days
Average payment period to suppliers	101	108
Ratio of paid operations/transactions	94	101
Ratio of transactions pending	124	133
	Amount	Amount
Total payments made	1,600,334	1,516,374
Total payments pending	446,476	411,481

22. DERIVATIVE FINANCIAL INSTRUMENTS

In general, financial derivatives entered into by the FCC Group receive the accounting treatment provided for in the regulations for accounting hedges set forth in note 3) of this Report, that is, they are operations that hedge real positions.

The main financial risk hedged by the FCC Group through derivative instruments relates to the fluctuations in floating interest rates to which Group company financing is tied.

At 31 December 2019, the companies of the FCC Group consolidated by global integration have entered into hedging operations with derivative instruments for a total amount of 807,271 thousand euros (303,035 thousand euros at 31 December 2018), mainly materialised in interest rate swaps (IRS), where Group companies pay fixed rates and receive floating rates.

Below is a breakdown of the hedges and their fair value for companies consolidated by global integration:

	Derivative type	Hedging type	% hedging	Notional 31/12/19	Notional 31/12/18	Appreciation at 31/12/19	Appreciation at 31/12/18	Due date
Companies consolidated by global integration								
FCC Medioambiente, S.A.U.	IRS	EF	57%	9,185	10,090	(1,002)	(1,159)	02-04-24
	IRS	EF	22%	3,582	3,843	(81)	(46)	02-04-24
	Option	EF	57%	9,185	10,090	31	71	02-04-24
RE3 Ltd.	IRS	EF	82%	21,415	22,373	(4,406)	(4,240)	30-09-29
FCC Energy Ltd.	IRS	EF	100%	10,646	10,526	(748)	(261)	17-06-38
	IRS	EF	100%	66,451	65,641	(4,764)	(1,687)	17/06/2038
FCC Wrexham PFI Ltd.	IRS	EF	95%	19,538	19,777	(5,402)	(5,025)	30-09-32
FCC Wrexham PFI (Phase II) Ltd.	IRS	EF	50%	8,226	8,303	(859)	(638)	30-09-32
	IRS	EF	50%	8,226	8,303	(867)	(652)	30-09-32
FCC (E&M) Ltd.	IRS	EF	50%	21,336	20,072	28	155	06-05-20
	IRS	EF	50%	21,336	20,072	28	154	06-05-20
	IRS	EF	50%	44,495	29,115	(2,064)	361	06-05-42
	IRS	EF	50%	44,495	29,115	(2,186)	132	06-05-42
FCC (E&M) Ltd.	Currency forward	EF	50%	-	6,164	-	8	07-05-19
	Currency forward	EF	50%	-	6,164	-	8	07-05-19
Integraciones Ambientales de Cantabria, S.A.	IRS	EF	75%	5,926	7,888	(339)	(553)	31-12-22
Aquajerez	IRS	EF	70%	24,175	25,499	(721)	168	15-07-31
	IRS	EF	30%	19,761	-	(91)	-	15-07-31
Gipuzkoa Ingurumena	IRS	EF	38%	9,715	-	(668)	-	30-06-34
	IRS	EF	38%	9,715	-	(642)	-	30-06-34
Cedinsa Eix. Llobregat	IRS	EF	70%	117,013	-	(37,113)	-	01-05-33
Cedinsa Eix. Transversal	IRS	EF	80%	301,271	-	(99,078)	-	30-10-33
Cedinsa d'Aro	IRS	EF	85%	31,580	-	(10,065)	-	01-05-33
Total global integration				807,271	303,035	(171,010)	(13,204)	

It also shows the maturities of the notional amount for the hedging operations entered into as at 31 December 2019 and broken down in the previous table:

	2020	2021	2022	2023	2024 and beyond
Companies consolidated by global integration	71,951	33,622	36,026	38,114	627,558

As at 31 December 2019, the notional total of the hedging of the companies consolidated using the equity method amounts to 623,984 thousand euros (706,845 thousand euros as at 31 December 2018) and the fair value is (175,222) thousand euros, being (175,444) thousand euros as at 31 December 2018.

The following table details the financial derivatives that companies consolidated using global integration have entered into for hedging purposes, but which cannot be considered as such for accounting purposes:

	Derived type	Hedging type	Notional 31/12/19	Notional 31/12/18	Appreciation at 31/12/19	Appreciation at 31/12/18	Due date
Companies consolidated by global integration							
.A.S.A. Abfall Service Zistersdorf GmbH	COLLAR	ESP	-	28,000	-	(3,132)	28/03/2024
FCC Environment CEE GmbH	FX SWAP	ESP	13,255	7,403	(312)	(18)	15-01-20
Total global integration			13,255	35,403	(312)	(3,150)	

Below are the maturities of the notional amount of those derivatives that do not meet the hedging conditions:

	Notional maturity				
	2020	2021	2022	2023	2024 and beyond
Companies consolidated by global integration	9,477	-	-	3,778	-

The following table provides a reconciliation of the change in the valuation of the derivatives, differentiating hedging from speculative and identifying those amounts that have been recorded in the accompanying consolidated income statement and those that have been recorded in "Other comprehensive income" of the consolidated statement of recognised income and expense:

	Balance at 1 January 2019	Profit/loss from valuation of reserves	Profit/loss from valuation of results	Transfers to the profit and loss statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2019
2019							
Hedging	(13,204)	123	-	2,504	(4,331)	(156,102)	(171,010)
Speculative	(3,150)	-	(62)	-	-	2,900	(312)
	Balance at 1 January 2018	Profit/loss from valuation of reserves	Profit/loss from valuation of results	Transfers to the profit and loss statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2018
2018							
Hedging	(15,609)	863	-	2,256	(718)	4	(13,204)
Speculative	(4,270)	-	1,120	-	-	-	(3,150)

The amount shown for 2019 in the "Other movements" column of the hedging derivatives mainly covers the incorporation of the derivatives corresponding to the Cedinsa subgroup for a negative amount of 164,348 thousand euros.

23. TAX MATTERS

This Note describes the headings in the accompanying consolidated income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and the corporation tax expense.

In accordance with file 18/89, the Parent Company of the FCC Group is subject to the Corporation Tax consolidation regime, with all the companies that meet the requirements established by the tax legislation being integrated into said regime. In addition, part of the subsidiaries that carry out the Water, Concessions (Cedinsa) and Environmental Services in the United Kingdom and the ASA Group in Austria also pay taxes in their own consolidated tax group.

In May 2018, the tax authorities completed a procedure to recover state aid, arising from European Commission Decision 2015/314/EU, of 15 October 2014, relating to the tax amortisation of financial goodwill from the indirect acquisition of foreign holdings. This procedure aims to adjust the tax incentives applied by the company and FCC Group in prior years as a result of the acquisition of the Alpine, FCC Environment (formerly the WRG Group) and FCC CEE (formerly the ASA Group) Groups. The Tax Administration filed a claim against the Group for a total amount (instalment and late payment interest) equal to 111 million euros. FCC has settled this tax debt but has also filed an economic-administrative appeal against it, which is pending resolution. The Group, in accordance with the opinion of its legal advisors, considers it probable that the amounts already paid under such recovery procedure will be returned. Within the framework of this procedure, the Tax Administration has

recognised a negative tax base in favour of the FCC group that has generated an activated tax credit for the amount of 63.2 million euros.

In relation to the years and taxes open for review, as a result of the criteria that the tax authorities may adopt in the interpretation of the tax regulations, the outcome of the inspections currently under way, or those that may be performed in the future for the years open for review, could generate contingent tax liabilities whose amount cannot currently be quantified objectively. However, Group management considers that the liabilities resulting from this situation would not have a significant effect on the Group's equity.

a) Deferred tax assets and liabilities

Deferred tax assets are mainly due to provisions provided, non-deductible financial expenses that will be tax deductible against the tax base of Corporation Tax in future years, deductions and tax bases pending application/offsetting, differences between accounting and tax depreciation and the losses of temporary joint ventures that will be included in the corporate tax base of the following tax year.

Specifically, the FCC group has recorded deferred tax assets corresponding to the negative tax bases and deductions pending application, considering that there are no doubts about their recoverability, for an amount of 330,152 thousand euros (281,644 thousand euros at 31 December 2018). The increase in tax credits due to negative tax bases and deductions pending application compared to 2018 is mainly due to the activation of negative tax bases corresponding to 2013 as a result of the aforementioned tax settlement for recovery of State aid, derived from decision 2015/314/EU of the European Commission, of 15 October 2014, on the tax amortisation of the financial goodwill for the indirect acquisition of foreign participations.

The Group Management has evaluated the recoverability of deferred tax assets by estimating future tax bases, concluding that there is no doubt surrounding their payment.

The estimates used to assess the recoverability of deferred tax assets are based on the forecast of future taxable bases, based on the year's consolidated accounting result before the estimated tax from continuing operations, to which the corresponding permanent and temporary differences that are expected to take place each year have been adjusted. The projections show an improvement in profits, which is the result of the maintenance of the measures carried out in order to reduce costs and strengthen the financial structure of the Group through the two capital increases carried out by the Group's parent company, Fomento de Construcciones y Contratas. Such actions have reduced the financial indebtedness and restructured the Group's financial liabilities, which will result in a significant decrease in financial costs.

All of this will make it possible to improve profits and obtain sufficient positive tax bases to substantially absorb both the negative tax bases recognised in the balance sheet and the deferred tax assets within an estimated period of around fifteen years.

The deferred tax liabilities recorded by the group mainly originate from:

- The differences between the tax and accounting valuation due to the fair value of assets derived from the corporate acquisitions in the different segments of the Group's activity, as indicated in notes 3.b). In general, these liabilities will not involve future cash outflows because they revert at the same rate as the amortisation of revalued assets.
- From the tax amortisation of leasing contracts and that of certain items of property, plant and equipment under accelerated tax amortisation plans, and from the unrestricted amortisation on

the investments made, which allows them to be fully amortised as long as certain requirements are fulfilled.

- From the profits of temporary joint ventures that will be included in the tax base of the following year's Corporation Tax.

The Group, pursuant to the provisions of IAS 12 "Corporation Tax", has offset the deferred tax assets and liabilities corresponding to the entities, which, in line with the applicable tax legislation, have the legal right to offset these assets and liabilities and will be settled for their net amount based on the corresponding time frames. As at 31 December 2019, deferred tax assets and liabilities have been offset in the amount of 202,427 thousand euros; consequently, similar offsetting has been performed for the purposes of comparison on the figures corresponding to 31 December 2018 for the sum of 133,676 thousand euros.

The following table shows the breakdown of the main deferred tax assets and liabilities.

ASSETS	2019			2018		
	Tax Group Spain	Rest	TOTAL	Tax Group Spain	Rest	TOTAL
Provisions and impairments	134,897	49,739	184,636	166,092	44,566	210,658
Tax loss carryforwards	316,989	13,163	330,152	264,175	17,469	281,644
Non-deductible financial expense	51,239	72,293	123,532	97,622	3,560	101,182
Pension plans	459	1,375	1,834	446	1,995	2,441
Amortisation/depreciation differences	13,405	8,124	21,529	14,228	10,083	24,311
Other	107,910	32,773	140,683	103,481	20,368	123,849
Total	624,899	177,467	802,366	646,044	98,041	744,085

LIABILITIES	2019			2018		
	Tax Group Spain	Rest	TOTAL	Tax Group Spain	Rest	TOTAL
Fair value assets from allocation of acquisition differences (IFRS 3)	62,402	136,605	199,007	63,881	71,519	135,400
Accelerated amortisation/depreciation	5,514	75,555	81,069	5,685	54,215	59,900
Profit/(loss) Temporary Joint Ventures	11,302	5,371	16,673	16,589	4,564	21,153
Tax impairment of goodwill	3,342	-	3,342	12,971	-	12,971
Deferred tax of conversion differences	-	-	-	-	3,347	3,347
Financial leasing	4,889	2,026	6,915	5,067	1,769	6,836
Other	24,852	12,881	37,733	29,483	5,674	35,157
Total	112,301	232,438	344,739	133,676	141,088	274,764

Below are the expected maturity dates of the deferred taxes:

	2020	2021	2022	2023	2024 and beyond	Total
Assets	58,004	67,285	65,231	47,229	564,617	802,366
Liabilities	63,543	13,802	13,334	13,273	240,787	344,739

The Group has tax credits corresponding to negative tax bases (NTBs), which have not been activated in the financial statements on the basis of a prudent criterion, for the amount of 162.8 million euros. The estimated due date of the tax credits for non-activated NTBs is as follows:

Maturity time frame	Tax credits (Millions of Euros)
From 2020 to 2024	35.6
From 2025 to 2029	13.3
From 2030 onwards	37.4
No maturity	76.5
	162.8

Meanwhile, the Group has non-activated tax credits corresponding to tax deductions that have been accredited and are pending application for a total amount of 10.3 million euros.

b) Public administrations

The breakdown at 31 December 2019 and 2018 of the current assets and liabilities included under the "Public administrations" heading is as follows:

Current assets

	2019	2018
Value Added Tax receivable (note 15)	87,291	93,550
Current tax (note 15)	72,664	58,244
Other tax items (note 15)	54,892	54,202
	214,847	205,996

Current liabilities

	2019	2018
Value Added Tax payable (note 21)	69,518	75,857
Current tax (note 21)	56,815	44,480
Social Security payable and other tax items (note 21)	176,611	184,000
Deferrals	84	142
	303,028	304,479

c) Corporation tax expense

The corporation tax expense incurred in the year amounted to 149,067 thousand euros (78,763 thousand euros in 2018), as detailed in the accompanying consolidated income statement. Below is the reconciliation between expense and accrued tax payment:

	2019			2018		
Consolidated accounting profit/(loss) for the year before tax from continuing activities			488,990			358,483
	Additions	Reductions		Additions	Reductions	
Permanent differences	164,964	(210,375)	(45,411)	114,076	(222,242)	(108,166)
Adjusted consolidated accounting profit of continued activities			443,579			250,317
Temporary differences						
- Arising in the year	176,825	(94,345)	82,480	146,338	(89,790)	56,548
- Arising in prior years	113,617	(355,745)	(242,128)	178,811	(124,224)	54,587
Profit/(loss) directly attributed to Equity						
Consolidated tax base of continuing activities (taxable profit/(loss))			283,931			361,452

From the previous table, given the magnitude of the amounts, it should be noted that the tax base is the best estimate available at the date of preparing the accounts. The final amount to be paid will be determined in the tax settlement that will be carried out in 2020, so the final settlement may vary as explained in note 3.p) of this Report.

In 2019, permanent differences, as increases, include the amount of the impairment recorded in the Uniland goodwill (note 6) amounting to 70,011 thousand euros.

Below is the reconciliation of the expense for corporation tax:

	2019	2018
Adjusted consolidated accounting profit/(loss) of continuing activities	443,579	250,317
Profit tax	(108,952)	(52,086)
Tax credits and tax relief	1,490	9,968
Adjustments for tax rate change	143	(178)
Other adjustments	(41,748)	(36,467)
Corporation tax	(149,067)	(78,763)

In the previous table, the "Other adjustments" line for 2019 mainly includes the reversal of deferred tax assets corresponding to Tax Group 18/89 for the amount of 25,000 thousand euros (36,172 thousand euros in 2018) when considering that there is indetermination regarding the term of its recoverability. Additionally, in 2018, after leaving Tax Group 18/89, headed by Fomento de Construcciones y Contratas, S.A., the companies from the Water activity have reevaluated the recoverability of certain deferred tax assets that were not included in the balance sheet. As a result, they have recognised assets amounting to 18,727 thousand euros.

The main components of the corporation tax, distinguishing between the current tax, i.e, tax corresponding to the current year and the deferred tax, the latter understood as the impact on profit/(loss) of the origination or reversal of temporary differences that affect the amount of deferred tax assets or liabilities recognised in the balance sheet, is as follows:

	2019	2018
Current tax	(78,019)	(88,629)
Deferred taxes	(71,191)	10,044
Adjustments for tax rate changes	143	(178)
Corporation tax	(149,067)	(78,763)

24. PENSION PLANS AND SIMILAR OBLIGATIONS

The Spanish Group companies have not generally established any pension plans to supplement the social security pension plans. However, under the Consolidated Pension Plans and Pension Funds Law, in those specific cases in which similar obligations exist, the companies externalise pension and similar obligations to its employees.

The Parent Company has taken out insurance to cover death, permanent employment disability, retirement bonuses and pensions and other concepts for some executive directors and company officers. The contingencies that might give rise to compensation include the termination of the employment relationship for any of the following reasons:

- a) Unilateral decision of the company.
- b) Dissolution or disappearance of the Parent for any reason, including mergers or disposals.
- c) Death or permanent disability.
- d) Other causes of physical or legal incapacitation.
- e) Substantial modification of professional conditions.
- f) Termination after reaching the age of 60, at the request of the officer and in agreement with the company.
- g) Termination after reaching the age of 65 at the officer's sole discretion.

No new contributions were made in the form of premiums for this insurance in 2019 and revenue, while 3,459 thousand euros was received in the form of rebates on previously paid premiums. As at 31 December 2019, the fair value of the premiums provided covers all the actuarial obligations entered into.

In relation to the commitments acquired by the Spanish companies of the Group in matters of post-employment compensation with former members of the management, the liabilities side of the accompanying consolidated balance sheet for 2019 shows debts recorded at their current value that amount to a total of 2,395 thousand euros (2,482 thousand euros in 2018). Under this provision, 221 thousand euros were paid in remuneration (221 thousand euros in 2018).

In accordance with article 38.5 of the Bylaws, Fomento de Construcciones y Contratas, S.A. holds a civil liability insurance that covers Directors and Managers. This is a collective policy covering all the Group's executives, with a premium of 489 thousand euros being paid in 2019.

Fomento de Construcciones y Contratas, S.A. has taken out an accident insurance policy for its directors, encompassing both the exercise of their functions and their private life, comprising coverage in the event of death, total and absolute permanent incapacity and severe disability. The premium paid in the year amounted to 7 thousand euros.

Certain foreign companies belonging to the Group assumed the commitment of supplementing the retirement and other similar commitments of its employees through defined benefit plans. Independent actuarial experts measured the commitments accrued and, where appropriate, the assets used, through generally accepted actuarial methods and techniques included, where appropriate, in the accompanying consolidated balance sheet under the "Non-current provisions" heading within "Non-current employee benefit obligations", in line with the criteria set forth by IFRSs (note 18).

The main benefits referred to in the preceding paragraph are the following:

- The companies of the FCC Environment (UK) group that are resident in the United Kingdom incorporate the benefits assumed with their employees, represented by assets, in the accompanying consolidated balance sheet in accordance with the plans to pay said benefits, whose fair value amounts to 59,501 thousand euros (51,825 thousand euros as at 31 December 2018), with an actuarial value of the accrued obligations amounting to 64,939 thousand euros (55,369 thousand euros as at 31 December 2018). The net difference represents a liability of 5,438 thousand euros (3,544 thousand euros as at 31 December 2018), which has been included in the accompanying consolidated balance sheet as non-current provisions. The "Staff expenses" heading of the accompanying consolidated profit and loss statement includes a cost of 367 thousand euros (950 thousand euros as at 31 December 2018) for the net difference between the cost of services and returns on assets affected by the plan. The average actuarial rate used was 2.0% (2.9% in 2018).
- In 2019, Telford & Wrekin Services, Ltd., resident in the United Kingdom settled the pension plan that it had committed to in order to complement the retirement benefits of its employees. In accordance with current international accounting regulations, the result of this settlement must be recorded in the profit and loss statement, which has meant recognising an income of 6,730 thousand euros.

The year's movement of the obligations and assets associated with pension plans and similar obligations is detailed below:

2019

Actual performance of the current value of the obligation

	FCC Environment Group (UK)	Telford & Wrekin Services
Balances of obligations at the beginning of the year	55,369	31,525
Cost of services for the current year	174	107
Interest costs	1,663	231
Contributions of the participants	19	22
Actuarial profits/losses	6,837	2,498
Exchange differences	2,846	1,620
Benefits paid during the year	(1,969)	(270)
Settlements	-	(35,733)
Balance obligations at end of year	64,939	-

Actual performance of the fair value of affected assets

	FCC Environment Group (UK)	Telford & Wrekin Services
Affected active balances at the beginning of the year	51,825	26,359
Expected return on assets	1,566	193
Actuarial profits/losses	3,631	1,025
Exchange differences	2,663	1,355
Contributions made by the employer	1,861	-
Contributions made by the participant	19	22
Benefits paid	(2,064)	(272)
Settlements	-	(28,682)
Balance of affected assets at the end of the year	59,501	-

Reconciliation of the actual performance of the obligation less the affected assets and the balances effectively recognised in the balance sheet

	FCC Environment Group (UK)	Telford & Wrekin Services
Net balance less affected active obligations at the end of the year	5,438	-

2018

Actual performance of the current value of the obligation

	FCC Environment Group (UK)	Telford & Wrekin Services
Balances of obligations at the beginning of the year	58,261	32,626
Cost of services for the current year	190	417
Interest costs	1,429	801
Contributions of the participants	16	82
Actuarial profits/losses	(2,976)	(1,421)
Exchange differences	(446)	(250)
Benefits paid during the year	(1,639)	(730)
Cost of past services	534	-
Balance obligations at end of year	55,369	31,525

Actual performance of the fair value of affected assets

	FCC Environment Group (UK)	Telford & Wrekin Services
Affected active balances at the beginning of the year	52,337	27,971
Expected return on assets	1,291	688
Actuarial profits/losses	(1,050)	(1,544)
Exchange differences	(400)	(214)
Contributions made by the employer	1,359	113
Contributions made by the participant	15	75
Benefits paid	(1,727)	(730)
Balance of affected assets at the end of the year	51,825	26,359

Reconciliation of the actual performance of the obligation less the affected assets and the balances effectively recognised in the balance sheet

	FCC Environment Group (UK)	Telford & Wrekin Services
Net balance less affected active obligations at the end of the year	3,544	5,166

25. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2019, the Group incurred contingent liabilities, mainly guarantees to third parties, mostly before public bodies and private clients, to secure the correct performance of the urban sanitation works and contracts, for 3,941,877 thousand euros (3,866,462 thousand euros at 31 December 2018).

Additionally, the Group has granted letters of indemnity to certain directors with management and administration duties at subsidiaries, without the any risks for which provisions should be set aside identified during the preparation of these financial statements. Such letters of indemnity are a common practice in multinational companies that expatriate employees due to their double status as company employees and executives of the subsidiary, and are of subsidiary execution in the event that the respective directors' policies do not fully cover the contingency. Letters of indemnity were granted to five executives in relation to the businesses that were maintained by the Group in Alpine.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are defendants in litigation concerning liability for different activities carried out by the Group in the performance of contracts awarded and for which provisions have been set aside (Note 18). These lawsuits, which in number may be significant, are for insignificant amounts when considered on a one-by-one basis. Therefore, given proven experience and existing provisions, the resulting liabilities would not significantly affect the Group's assets.

The possible financial effects of the main contingent liabilities derived from the bankruptcy of the Alpine subgroup would be the cash outflows indicated in the respective lawsuits detailed in Note 18 of this report.

On 15 January 2015, the Competition Chamber of the National Markets and Competition Commission issued a decision on file S/0429/12, for an alleged violation of Article 1 of Law 15/2007 on the Defence of Competition. This ruling affects various companies and associations in the waste sector, including Fomento de Construcciones y Contratas, S.A. and other companies that also belong to FCC Group. The Group has filed an administrative appeal before the Spanish National Appellate Court. At the end of January 2018, notification was received of the decisions handed down by the Spanish National Appellate Court, upholding the administrative appeals filed by Gestión y Valorización Integral del Centro S.L. and BETEARTE, both FCC Group investees, against the CNMV ruling imposing various penalties for alleged collusive practices. In both decisions, the argument put forward by these companies that no single, on-going breach existed was upheld. In April 2018, we were notified of the agreement initiating new legal proceedings for the same conduct investigated in the previous proceedings forming the scope of the upholding decision, commencing an 18-month examining period. In September 2019, an agreement was issued suspending these legal proceedings until the National Court's decision on appeals filed by other companies that had been penalised.

In April 2018, the National Court issued a judgment in relation to the price of 6 euros per share applied in the takeover bid made in 2017 by Fomento de Construcciones y Contratas, S.A. for Cementos Portland Valderrivas, S.A., with the National Securities Market Commission (CNMV) asking for the price to be recalculated. This judgment has been appealed by the Group, as it disagrees with the valuation criteria applied and that the CNMV approved the price. It should be noted that the CNMV has also filed an appeal. The Group believes that it is unlikely that significant additional disbursements will result from this judgement. The accompanying financial statements therefore do not include any provisions in this regard.

As a result of an internal investigation in May 2019 in application of its compliance policy and regulations, the Group has become aware of the existence of payments between 2010 and 2014 amounting to USD 82 million that might not be justified and may therefore be illegal. These acts were

uncovered as a result of application of the procedures in the FCC Group's compliance rules. The company has informed prosecutors in Spain and Panama about these acts, and has been providing the utmost cooperation since then to clarify what happened, applying the "zero tolerance" anti-corruption principle that permeates the entire FCC Compliance System.

In the context of this cooperation, on 29 October 2019, the National Court's Central Court of Instruction No. 2 resolved to investigate FCC Construcción, S.A. and two of its subsidiaries, FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A. in the context of Preliminary Measures 34/2017. These proceedings have only just begun and it is therefore impossible to determine whether charges will eventually be filed against these companies, and, if so, what their scope will be. These actions may therefore have a financial impact, although we do not have the information needed to qualify this impact.

Additionally, the agreement for the sale of the FCC Aqualia holding (Note 4) envisages certain variable prices that depend on the resolution of contingent procedures. The Group, therefore, has not recognised any asset given its contingent nature; likewise, it has not recognised any liability for claims that may arise against its interests, as it is not considered probable that significant losses will be incurred and given that their value is considered insignificant in relation to the transaction price.

Also, as part of the aforementioned sales transaction, FCC Topco S.a.r.l. and its subsidiary FCC Midco, S.A. were constituted, contributing shares representing 10% of the Group's shares in FCC Aqualia to the latter. These shares have been pledged as a guarantee of certain obligations assumed by the Group before FCC Aqualia, mainly in relation to the repayment of the loan that the latter has granted to the Parent Company of the Group for the amount of 806,479 thousand euros. At the date of authorisation for issue of these financial statements, the Group believes that there is no risk that these guarantees will be enforced.

The Group is involved in other lawsuits and legal procedures aside from those already described that it considers will not generate significant cash outflows.

The shareholding of Group companies in jointly controlled operations managed through joint ventures, joint ownership, participation accounts and other entities of similar legal characteristics means that participants must share joint and several liability with respect to the activity carried on (note 12).

In relation to the guarantees received, it should be noted, in general, that the Group only receives guarantees in relation to amounts paid as advances for the purchase of highly specialised equipment that has been ordered, mainly in the Construction and Water segments, for a non-significant amount as a whole. The Group has not obtained any significant assets as a result of the guarantees enforced in its favour or released.

26. INCOME AND EXPENDITURE

a) Operating income

The Group records operating income under the "Revenue" heading, including revenue from interest derived from the collection rights of the concessions financial model under IFRIC 12 for 33,200 thousand euros at 31 December 2019 (13,609 thousand euros as at 31 December 2018), except for work carried out for own fixed and non-current assets and other operating income.

Note 27 "Information by activity segments" shows the contribution of the activity areas to the consolidated revenue.

Operating income derived from performance obligations met or partially met in previous years was recognised in 2019 for 55,795 thousand euros, mainly in the Construction segment.

In 2019, 156,342 thousand euros were recognised as revenue, previously recorded as advance payments made by clients and work certified in advance (notes 15 and 21) that were included in the liabilities side under the "Trade and other accounts payable" heading, mainly in the Construction segment.

The breakdown of the other operating income for 2019 and 2018 is as follows:

	2019	2018
Income from sundry services	85,255	74,489
CO ₂ emission rights (note 29)	5,776	9,409
Reimbursement from insurance compensation	5,742	7,403
Operating grants	21,424	18,944
Other income	96,130	60,319
	214,327	170,564

"Income from sundry services" mainly includes additional services derived from construction contracts or provision of services not included in the main contracts and income derived from the provision of technical assistance to entities accounted for using the equity method. The "Other income" heading mainly includes income from leases when the Group acts as lessor in operating leases and provision excesses.

At the end of 2019, the Group has outstanding execution obligations, mainly from the provision of services in the Environmental Services segment, and derived from construction contracts, mainly in the Construction and Water segments, for 16.208.174 thousand euros expected to be recognised as income according to the following schedule:

	up to 1 year	2 to 5 years	more than 5 years	Total
Environmental Services	1,901,200	3,755,876	4,709,126	10,366,202
Construction	1,586,479	4,036,719	-	5,623,198
End-to-End Water Management	152,111	66,663	-	218,774
	3,639,790	7,859,258	4,709,126	16,208,174

b) Procurements

The breakdown of the balance of supplies and other external expenses as at 31 December 2019 and 2018 is as follows:

	2019	2018
Subcontracting and work performed by other companies	1,313,848	1,286,585
Purchases and procurements	1,025,714	970,671
	2,339,562	2,257,256

c) Staff expenses

Below is a breakdown of staff expenses for 2019 and 2018:

	2019	2018
Wages and salaries	1,477,635	1,432,330
Social security contributions	423,082	404,659
Other staff costs	25,017	27,815
	1,925,734	1,864,804

Information regarding the number of employees and their distribution by functional levels and gender is provided in the Statement of Non-Financial Information that forms part of the Management Report that accompanies these financial statements.

d) Impairment and gains/(losses) on disposal of fixed and non-current assets

The breakdown of the balance of the impairments and profit/(loss) due to the disposal of fixed and non-current assets in 2019 and 2018 is as follows:

	2019	2018
Impairment of the commercial fund (note 6)	(70,011)	-
Depreciation and amortisation of other property, plant and equipment and intangible assets (endowment) / reversal (notes 6 and 7)	4,325	7,048
Profit/(loss) from disposals of other tangible and intangible assets	5,571	2,826
Other items	351	-
	(59,764)	9,874

The impairment carried out in the goodwill of Corporación Uniland for 70,011 thousand euros in 2019 is noteworthy (note 6). There were no notable events in 2018.

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading "Other adjustments of profit/(loss) (net)".

e) Finance income and finance cost

The breakdown of the financial income, according to the assets that generate said income, in 2019 and 2018 is as follows:

	2019	2018
Financial assets at fair value with changes in other comprehensive income	4,693	3,609
Financial assets at amortised cost	15,670	16,394
Other financial income	30,704	32,940
	51,067	52,943

The "Other financial income" heading mainly includes the impact of financial costs agreed to in relation to the postponement of the collection of certain works in the Construction segment, mainly for the work of the Panama Metro, completed in 2019, for 22,067 thousand euros (29,461 thousand euros as at 31 December 2018).

The breakdown of financial expenses in 2019 and 2018 is as follows:

	2019	2018
Debt instruments and other marketable securities	39,800	35,138
Credits and loans	46,804	82,139
Debts with limited recourse for project financing	18,946	22,638
Creditors from leases	13,037	1,849
Assignment of credits	27,519	32,959
Financial update of provisions and other liabilities	20,101	19,100
Other financial expenses	29,580	68,199
	195,787	262,022

In 2019, the 46,804 thousand euros (82,139 thousand euros in 2018) of the "Credit and loans" item in the previous table should be noted, a decrease due mainly to the substantial reduction of debt interest with third parties in the Corporation Area due to the substantial modification of the corporate debt carried out at the end of the third quarter of 2018 from the sale of 49% of the capital of FCC Aqualia, S.A. (note 4).

The item "Leases payable" responds to the financial expenses derived from the lease liability of 13,037 thousand euros (1,849 thousand euros as at 31 December 2018). The difference between the two years is due to the fact that in 2019 the financial expenses derived from the lease liabilities recognised as a result of the application of IFRS 16 "Leases" (note 2) are included, while in 2018, only the expenses derived from lease liabilities that were considered as financial under the previous regulations were included.

In 2019, the "Other financial expenses" heading includes 18,837 thousand euros as interest derived from the recovery procedure of State Aid relating to the tax amortisation of the goodwill (note 23). In 2018 there is a recorded finance cost of 59,282 thousand euros for the allocation to profit/(loss) of the impact yet to be applied on the maturity date of the first-time application of IFRS 9 (Note 2.a) following the cancellation of the aforementioned syndicated loan.

The total amount of financial income and expenses impacts the accompanying statement of consolidated cash flows under the "Other adjustments to profit/(loss) (net)" and "Interest collection" and "Interest payments" headings at the time of collection or payment thereof.

f) Other financial profit/(loss)

The breakdown of other financial expenses in 2019 and 2018 is as follows:

	2019	2018
Change in fair value of current financial instruments	(10,051)	(753)
Exchange gains/(losses)	14,814	14,087
Impairment and losses on disposal of financial instruments	(3,308)	1,430
	1,455	14,764

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading "Other adjustments of profit/(loss) (net)".

g) Profits/(losses) of companies accounted for by the equity method

The breakdown for this heading is as follows:

	2019	2018
Profits/(losses) for the year (note 11)	78,946	62,212
Joint ventures	31,815	25,500
Associates	47,131	36,712
Profits/(losses) on disposals and others	41,695	4,649
	120,641	66,861

In 2019, the "Profit/(loss) on disposals and others" line mainly includes the profit from the takeover of the Cedinsa subgroup (notes 4 and 11) for a positive amount of 36,588 thousand euros from the recognition at fair value of the shareholding prior to the takeover and from the allocation to profit/(loss) of the valuation adjustments of derivative financial instruments recorded at the date of the takeover. It also includes the operation carried out in Shariket Tahlya Mostaganem, S.p.a. and Shariket Miyeh Djinet, S.p.a. by virtue of which they have ceased being consolidated under the equity method (notes 4 and 11), which has had a negative impact of 11 thousand euros due to the fair value of the shareholding prior to the change in consolidation method and for the allocation to profit/(loss) of valuation adjustments due to conversion differences (note 17).

h) Profit/(loss) attributable to non-controlling interests

As at 31 December 2019 the profit/(loss) attributed to non-controlling interests amounts to 73,220 thousand euros, mainly for the amount corresponding to the 49% held by the non-controlling shareholder of the Aqualia subgroup (note 4). As at 31 December 2019, 66,996 thousand euros was contributed by the aforementioned segment (24,550 thousand euros as at 31 December 2018) (note 27).

27. INFORMATION BY ACTIVITY SEGMENTS

a) Activity segments

The activity segments presented coincide with the business areas, as described in Note 1. The information for each segment, reflected in the tables presented below, has been prepared in line with

the management criteria established internally by the Group's management, which are consistent with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

The "Corporation" column includes the activity of the functional areas that carry out operational support tasks and the exploitation of the aforementioned companies whose management is not attached to any of its business areas.

"Eliminations" includes the elimination of operations between different activity segments.

Income statement by segments

In particular, the information reflected in the following tables includes, as profit/(loss) for 2019 and 2018:

- All operating income and expenses of subsidiaries and joint management contracts that correspond to the activities carried out by the segment.
- Interest income and expenses generated on the segment's assets and liabilities, dividends and profits and losses on the sale of the segment's financial investments.
- The share in the profits/(losses) of the companies accounted for under the equity method.
- Corporation tax payable corresponding to the transactions carried out by each segment.
- "Contribution to the profit/(loss) of the FCC Group" contains the contribution of each area to the equity attributed to the shareholders of Fomento de Construcciones y Contratas, S.A.

2019	Group Total	Environmental Services	Comprehensive Water Management	Construction	Cement	Concessions	Corporation	Eliminations
Revenue	6,276,231	2,915,243	1,186,881	1,719,330	413,213	49,818	66,357	(74,611)
From external clients	6,276,231	2,907,665	1,181,117	1,666,761	405,829	49,818	65,041	-
From transactions with other segments	-	7,578	5,764	52,569	7,384	-	1,316	(74,611)
Other income	264,173	88,188	60,440	97,210	15,214	6,627	92,123	(95,629)
From external clients	264,173	87,453	60,110	90,098	15,141	6,627	4,744	-
From transactions with other segments	-	735	330	7,112	73	-	87,379	(95,629)
Operating expenses	(5,514,601)	(2,510,885)	(965,600)	(1,716,345)	(342,048)	(24,603)	(124,042)	168,922
Amortisation of fixed assets and allocation of grants for non-financial and other assets	(449,109)	(237,365)	(106,360)	(33,327)	(35,357)	(16,902)	(20,103)	305
Other operating income/(losses)	(65,080)	3,286	4,885	10,481	(71,040)	(2,921)	-	(9,771)
Operating Profit/(Loss)	511,614	258,467	180,246	77,349	(20,018)	12,019	14,335	(10,784)
Percentage of turnover	8.15%	8.87%	15.19%	4.50%	(4.84%)	24.13%	21.60%	14.45%
Finance income	51,067	6,573	37,579	26,300	2,013	7,026	72,969	(101,393)
Finance cost	(195,787)	(78,795)	(45,800)	(26,428)	(11,391)	(10,314)	(80,949)	57,890
Other financial profit/(loss)	1,455	(2,992)	289	10,442	885	98	213,228	(220,495)
Profit/(loss) companies accounted for using the equity method	120,641	17,719	(2,625)	17,919	(10,098)	64,250	33,413	63
Profit/(loss) before tax from continuing operations	488,990	200,972	169,689	105,582	(38,609)	73,079	252,996	(274,719)
Corporation tax	(149,066)	(40,152)	(46,149)	(35,078)	(7,049)	(3,706)	(17,221)	289
Profit/(loss) for the year from continuing operations	339,924	160,820	123,540	70,504	(45,658)	69,373	235,775	(274,430)
Consolidated profit/(loss) for the year	339,924	160,820	123,540	70,504	(45,658)	69,373	235,775	(274,430)
Non-controlling interests	73,220	4,785	66,996	560	1,355	(476)	-	-
Profit attributable to the parent company	266,704	156,035	56,544	69,944	(47,013)	69,849	235,775	(274,430)
Contribution to the profit/(loss) of the FCC Group	266,704	156,035	56,544	69,944	(47,013)	69,849	235,775	(274,430)

2018	Group Total	Environmental Services	Comprehensive Water Management	Construction	Cement	Concessions	Corporation	Eliminations
Revenue	5,989,805	2,822,403	1,115,207	1,655,097	372,799	35,302	30,007	(41,010)
From external clients	5,989,805	2,815,091	1,110,466	1,630,394	368,545	35,302	30,007	-
From transactions with other segments	-	7,312	4,741	24,703	4,254	-	-	(41,010)
Other income	207,003	60,440	48,085	77,532	19,328	8,491	71,400	(78,273)
From external clients	207,003	60,064	47,624	70,615	19,316	8,491	893	-
From transactions with other segments	-	376	461	6,917	12	-	70,507	(78,273)
Operating expenses	(5,335,641)	(2,441,417)	(915,809)	(1,667,677)	(321,242)	(24,236)	(84,544)	119,284
Amortisation of fixed assets and allocation of grants for non-financial and other assets	(376,338)	(217,747)	(90,456)	(16,265)	(33,893)	(9,565)	(8,591)	179
Other operating income/(losses)	1,108	1,438	52	953	(320)	(477)	(538)	-
Operating Profit/(Loss)	485,937	225,117	157,079	49,640	36,672	9,515	7,734	180
Percentage of turnover	8.11%	7.98%	14.09%	3.00%	9.84%	26.95%	25.77%	(0.44%)
Finance income	52,943	4,715	30,971	33,880	347	5,542	102,026	(124,538)
Finance cost	(262,022)	(80,751)	(41,861)	(29,820)	(14,011)	(5,046)	(145,850)	55,317
Other financial profit/(loss)	14,764	(1,952)	(841)	18,814	(1,299)	(327)	369	-
Profit/(loss) companies accounted for using the equity method	66,861	16,969	8,240	13,545	(9,982)	28,446	9,578	65
Profit/(loss) before tax from continuing operations	358,483	164,098	153,588	86,059	11,727	38,130	(26,143)	(68,976)
Corporation tax	(78,763)	(30,919)	(19,530)	(16,396)	(2,152)	(11)	(9,710)	(45)
Profit/(loss) for the year from continuing operations	279,720	133,179	134,058	69,663	9,575	38,119	(35,853)	(69,021)
Consolidated profit/(loss) for the year	279,720	133,179	134,058	69,663	9,575	38,119	(35,853)	(69,021)
Non-controlling interests	28,151	2,161	24,550	(457)	1,314	583	-	-
Profit attributable to the parent company	251,569	131,018	109,508	70,120	8,261	37,536	(35,853)	(69,021)
Contribution to the profit/(loss) of the FCC Group	251,569	131,018	109,508	70,120	8,261	37,536	(35,853)	(69,021)

The contribution of the "Corporation" segment to the profit/(loss) of the FCC Group mainly includes the billing of the support services provided to the rest of the Group's activities under the "Other operating income" heading, the impairment of the investments on the parents companies' shares from the other segments, as well as dividends distributed by group companies that are subsidiaries of the Group's parent company, the financial expenses billed by other group companies as a result of intra-group loans granted to the parent company by other subsidiaries and the financial income billed to other group companies as a result of intra-group loans granted by the parent company to other subsidiaries. All these items, as transactions with Group companies, are eliminated as shown under "Eliminations". Likewise, the "Corporation" segment includes the financial expenses for debts with credit institutions detailed in note 19.

Balance sheet by segments

2019	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
ASSETS								
Non-current assets	8,529,551	2,815,460	2,461,787	902,785	1,112,526	1,754,581	3,669,047	(4,186,635)
Intangible assets	3,458,398	827,011	808,476	77,991	447,815	1,345,127	8,317	(56,339)
Additions	55,225	35,668	15,394	92	41	1	4,029	-
Property, plant and equipment	2,863,892	1,524,556	428,160	154,194	547,783	894	226,762	(18,457)
Additions	285,894	191,821	49,916	32,192	8,198	462	3,305	-
Real estate investments	2,635	-	-	2,635	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Investments accounted for using the equity method	741,524	116,737	87,620	48,315	37,160	146,186	306,119	(613)
Non-current financial assets	863,163	278,390	1,108,482	259,228	7,843	248,930	2,959,543	(3,999,253)
Deferred tax assets	599,939	68,766	29,049	360,422	71,925	13,444	168,306	(111,973)
Current assets	4,044,589	1,166,465	815,865	1,432,640	199,282	147,828	529,079	(246,570)
Non-current assets held for sale	-	-	-	-	-	-	-	-
Inventory	728,812	31,326	52,969	201,943	89,175	202	359,505	(6,308)
Trade and other receivables	1,836,806	713,641	266,741	700,215	80,910	41,112	100,611	(66,424)
Other current financial assets	189,566	93,596	69,654	125,497	12,599	8,299	53,759	(173,838)
Other current assets	70,861	35,048	4,976	30,049	937	522	(671)	-
Cash and cash equivalents	1,218,544	292,854	421,525	374,936	15,661	97,693	15,875	-
Total assets	12,574,140	3,981,925	3,277,652	2,335,425	1,311,808	1,902,409	4,198,126	(4,433,205)
LIABILITIES								
Equity	2,473,759	339,032	640,964	744,462	808,630	444,123	2,234,155	(2,737,607)
Non-current liabilities	6,797,228	2,717,785	1,995,178	250,207	408,568	1,358,569	1,515,372	(1,448,451)
Grants	333,802	4,421	55,870	-	111	273,400	190,578	(190,578)
Non-current provisions	1,130,199	456,747	124,996	206,756	27,825	111,674	1,318,345	(1,116,144)
Non-current financial liabilities	5,030,270	1,974,923	1,776,700	25,108	305,157	973,480	6,448	(31,546)
Deferred tax liabilities	142,311	124,998	33,662	18,343	75,475	15	1	(110,183)
Other non-current liabilities	160,646	156,696	3,950	-	-	-	-	-
Current liabilities	3,303,153	925,108	641,510	1,340,756	94,610	99,717	448,599	(247,147)
sale	-	-	-	-	-	-	-	-
Current provisions	249,581	4,286	18,335	214,451	6,590	2,207	3,711	1
Current financial liabilities	683,611	216,318	50,724	26,668	18,191	79,138	466,200	(173,628)
Trade and other accounts payable	2,369,961	619,015	572,451	1,110,251	69,829	11,632	61,183	(74,400)
Internal relations	-	85,489	-	(10,614)	-	6,740	(82,495)	880
Total liabilities	12,574,140	3,981,925	3,277,652	2,335,425	1,311,808	1,902,409	4,198,126	(4,433,205)

2018	Group Total	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
ASSETS								
Non-current assets	6,607,207	2,517,297	2,252,350	822,028	1,219,871	500,739	2,741,197	(3,446,275)
Intangible assets	2,426,380	769,673	813,028	78,111	518,215	295,604	8,089	(56,340)
<i>Additions</i>	<i>37,495</i>	<i>16,882</i>	<i>18,143</i>	<i>64</i>	<i>328</i>	<i>2</i>	<i>2,076</i>	<i>-</i>
Property, plant and equipment	2,424,018	1,374,051	338,467	127,100	563,050	8	38,579	(17,237)
<i>Additions</i>	<i>263,092</i>	<i>200,745</i>	<i>31,485</i>	<i>19,516</i>	<i>8,125</i>	<i>3</i>	<i>3,218</i>	<i>-</i>
Real estate investments	2,798	-	-	2,798	-	-	-	-
<i>Additions</i>	<i>42</i>	<i>42</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Investments accounted for using the equity method	763,050	85,745	132,440	38,583	46,726	177,284	281,578	694
Non-current financial assets	380,552	221,652	916,647	195,625	7,684	16,739	2,261,921	(3,239,716)
Deferred tax assets	610,409	66,176	51,768	379,811	84,196	11,104	151,030	(133,676)
Current assets	3,916,834	1,093,864	731,590	1,507,812	173,560	76,378	586,983	(253,353)
Non-current assets held for sale	-	-	-	-	-	-	-	-
Inventory	691,034	29,995	50,984	176,169	73,649	176	366,449	(6,388)
Trade and other receivables	1,695,798	717,056	207,666	633,482	79,633	16,803	84,615	(43,457)
Other current financial assets	178,815	109,588	31,846	202,337	3,099	9,959	25,494	(203,508)
Other current assets	84,990	32,748	4,692	45,932	1,255	90	273	-
Cash and cash equivalents	1,266,197	204,477	436,402	449,892	15,924	49,350	110,152	-
Total assets	10,524,041	3,611,161	2,983,940	2,329,840	1,393,431	577,117	3,328,180	(3,699,628)
LIABILITIES								
Equity	1,958,775	477,529	507,326	662,577	752,294	186,262	1,445,368	(2,072,581)
Non-current liabilities	5,574,710	1,443,268	1,884,873	322,382	544,447	331,156	2,419,674	(1,371,090)
Grants	211,296	4,934	41,919	-	287	164,156	-	-
Non-current provisions	1,161,989	449,439	125,380	264,535	34,320	73,056	215,260	(1)
Non-current financial liabilities	3,900,432	708,239	1,666,381	32,279	432,078	93,893	2,200,666	(1,233,104)
Deferred tax liabilities	141,088	124,888	47,056	25,568	77,762	51	3,748	(137,985)
Other non-current liabilities	159,905	155,768	4,137	-	-	-	-	-
Current liabilities	2,990,556	1,690,364	591,741	1,344,881	96,690	59,699	(536,862)	(255,957)
for sale	-	-	-	-	-	-	-	-
Current provisions	209,264	6,686	13,340	175,107	8,052	2,938	3,141	-
Current financial liabilities	380,902	232,406	46,060	36,750	24,979	51,672	195,962	(206,927)
Trade and other accounts payable	2,400,390	616,360	530,807	1,182,983	63,659	5,089	50,892	(49,400)
Internal relations	-	834,912	1,534	(49,959)	-	-	(786,857)	370
Total liabilities	10,524,041	3,611,161	2,983,940	2,329,840	1,393,431	577,117	3,328,180	(3,699,628)

Cash flows by segment

	Group Total	Environmental Services	Comprehensive Water Management	Construction	Cement	Concessions	Corporation	Eliminations
2019								
Operating activities	630,550	454,027	206,722	(154,077)	75,069	55,047	42,359	(48,597)
Investment activities	(359,235)	(256,060)	(33,096)	122,857	(18,457)	6,545	1,066,023	(1,247,047)
Financing activities	(345,735)	(116,981)	(190,857)	(59,894)	(57,251)	(13,517)	(1,202,879)	1,295,644
Other cash flows	26,767	7,391	2,353	16,158	377	269	219	-
Cash flows for the year	(47,653)	88,377	(14,878)	(74,956)	(262)	48,344	(94,278)	-
2018								
Operating activities	489,412	375,743	248,886	(144,863)	46,651	41,645	(9,218)	(69,432)
Investment activities	(384,673)	(277,480)	65,897	(40,032)	5,575	(4,468)	868,959	(1,003,124)
Financing activities	(81,070)	(34,796)	(124,834)	20,883	(52,022)	(23,268)	(939,589)	1,072,556
Other cash flows	4,273	(263)	(600)	5,410	(287)	135	(122)	-
Cash flows for the year	27,942	63,204	189,349	(158,602)	(83)	14,044	(79,970)	-

b) Activities and investments by geographic markets

The Group performs approximately 45% of its activity abroad (46% in 2018).

Revenue made abroad by the Group companies for 2019 and 2018 is distributed among the following markets:

	Group Total	Environmental Services	Shared Water Management	Construction	Cement	Concessions	Corporation	Eliminations
2019								
United Kingdom	735,049	682,025	-	77	52,947	-	-	-
Middle East and Africa	576,850	63	113,232	401,546	67,363	-	-	(5,354)
Rest of Europe and Others	733,555	304,155	81,618	312,842	25,253	-	9,770	(83)
Latin America	388,894	-	86,360	300,868	9,223	2,308	-	(9,865)
Czech Republic	286,787	185,420	101,312	55	-	-	-	-
USA and Canada	89,545	41,921	-	38,636	8,988	-	-	-
	2,810,680	1,213,584	382,522	1,054,024	163,774	2,308	9,770	(15,302)
2018								
United Kingdom	752,721	718,076	-	475	34,170	-	-	-
Middle East and Africa	631,418	7,359	106,378	444,290	76,637	-	-	(3,246)
Rest of Europe and Others	567,546	275,875	66,774	189,871	26,676	-	9,266	(916)
Latin America	423,943	-	46,850	372,922	3,746	2,079	-	(1,654)
Czech Republic	278,948	181,439	97,482	27	-	-	-	-
USA and Canada	75,593	30,558	-	38,321	6,714	-	-	-
	2,730,169	1,213,307	317,484	1,045,906	147,943	2,079	9,266	(5,816)

The following items included in the accompanying financial statements are shown below by geographical areas:

	Group Total	Spain	United Kingdom	Czech Republic	Rest of Europe and Others	United States of America and Canada	Latin America	Middle East and Africa
2019								
ASSETS								
Intangible assets	3,458,398	2,481,538	495,659	1,894	260,058	306	218,942	1
Property, plant and equipment	2,863,892	1,517,994	664,105	301,007	310,370	18,575	29,378	22,463
Real estate investments	2,635	-	-	-	2,635	-	-	-
Deferred tax assets	599,939	546,022	21,368	4,050	13,594	1,683	10,109	3,113
2018								
ASSETS								
Intangible assets	2,426,380	1,514,158	465,242	1,821	233,662	-	211,495	2
Property, plant and equipment	2,424,018	1,185,773	623,107	284,205	275,329	13,156	27,186	15,262
Real estate investments	2,798	-	-	-	2,798	-	-	-
Deferred tax assets	610,409	558,678	17,960	3,675	11,987	1,652	13,718	2,739

c) Staff

The average number of people employed in 2019 and 2018 by business areas is as follows:

	2019	2018
Environmental Services	39,657	40,046
End-to-End Water Management	8,487	8,097
Construction	8,906	9,124
Cement	1,076	1,067
Concessions	28	14
Corporation	278	292
	58,432	58,640

28. ENVIRONMENTAL INFORMATION

During the meeting held on 3 June 2009, the FCC Board of Directors approved the Environmental Policy of the FCC Group, which responded to the initial objectives of the Corporate Responsibility Master Plan reinforcing the socially responsible commitment in the FCC Group strategy, which is very involved in environmental services.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance to the FCC Group of preserving the environment and using available resources responsibly, and in line with its vocation to serve through activities with a clear environmental focus, the FCC Group promotes and enhances the following principles, on which its contribution to sustainable development is based, throughout the organisation:

Continuous improvement

Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the FCC Group's processes, products and services, and enhancing the positive impacts.

Monitoring and control

Establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for the monitoring, evaluation, decision-making and communication of the FCC Group's environmental performance and compliance with the commitments undertaken.

Climate change and pollution prevention

Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies.

Preventing pollution and protecting the natural environment through the responsible management and consumption of natural resources and by minimising the impact of emissions, discharges and waste generated and managed by the FCC Group's activities.

Observation of the environment and innovation

Identify the risks and opportunities of activities in the face of the changing landscape of the environment in order, among other things, to promote innovation and the application of new technologies, as well as the generation of synergies between the various activities of the FCC Group.

Life cycle of products and services

Enhance environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.

The necessary participation of all parties

Promote the knowledge and application of environmental principles among employees and other stakeholders.

Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

This Environmental Policy is materialised through the implementation of quality management and environmental management systems, as well as follow-up audits, which accredit the FCC Group's performance in this area. Regarding the management of environmental risks, the Group has implemented environmental management systems certified under the ISO 14001 standards, which focus on:

- a) Compliance with applicable regulations and the achievement of environmental objectives that exceed external requirements.
- b) The reduction of environmental impacts through proper planning.
- c) The continuous analysis of risks and possible improvements.

The basic tool to prevent this risk is the environmental plan that each operational unit must prepare and which consists of:

- a) The identification of environmental aspects and applicable legislation.
- b) Impact evaluation criteria.
- c) The measures to be taken.
- d) A system for measuring the objectives achieved.

The very nature of the activity of the Environmental Services Area is aimed at the protection and conservation of the environment, not only through productive activity (waste collection, road cleaning, operation and control of landfills, sewer cleaning, treatment and disposal of industrial waste, etc.), but also for the development of this activity through the use of production techniques and systems aimed at reducing environmental impact even more meticulously than required by the regulations on these matters.

The development of the production activity of the Environmental Services Area requires the use of buildings, technical installations and specialised machinery that are efficient in protecting and conserving the environment. At 31 December 2019, the acquisition cost of the productive fixed and non-current assets, net of depreciation, of the Environmental Services Area amounted to 2,351,566 thousand euros (2,143,724 thousand euros at 31 December 2018). Environmental provisions, mainly for landfill sealing and closing costs, amount to 393,175 thousand euros (376,912 thousand euros as at 31 December 2018).

The activities performed by Aqualia are directly tied to environmental protection, since the nexus of its operations is, in collaboration with different public authorities, the efficient management of the end-to-end water cycle and the search for guarantees to provide water resources that enable the sustainable growth of the towns in which it provides its services. One of the fundamental objectives of FCC Aqualia is the continuous improvement through an Integrated Management System, which includes both the quality management of processes, products and services, and environmental management. The main actions carried out are: Water quality control in both collection and distribution, 24-hour service 365 days a year making it possible to fix faults in distribution networks in the shortest possible time, with the consequent saving of water, optimisation of electricity consumption, the elimination of environmental impacts caused by wastewater discharges and the management of energy efficiency in order to reduce the carbon footprint.

Cement companies have fixed and non-current assets for filtering gases that are discharged into the atmosphere, in addition to meeting the commitments made in the environmental recovery of depleted quarries and applying technologies that contribute to the efficient environmental management of processes.

At year-end, the Cementos Portland Valderrivas group holds investments related to the environmental activity recorded in the "Intangible assets" and "Property, plant and equipment" headings for a total amount of 135,831 thousand euros (133,953 thousand euros in 2018), the corresponding amount being accumulated amortisation/depreciation of 93,440 thousand euros (88,064 thousand euros in 2018). Likewise, in 2019 it incurred expenses amounting to 2,920 thousand euros (2,062 thousand euros in 2018) to guarantee the protection and improvement of the environment, having recorded them under the "Other operating expenses" heading of the accompanying profit and loss statement.

For the cement activity, the Group receives free CO₂ emission rights in accordance with the corresponding national allocation plans. In this regard, it should be noted that in 2019, emission rights equivalent to 3,686 thousand tons per year (3,761 thousand tons per year in 2018) were received, corresponding to the companies Cementos Portland Valderrivas, S.A. and Cementos Alfa, S.A.

The "Operating Income" heading of the accompanying consolidated profit and loss statement includes the income obtained from the sales of greenhouse gas rights in 2019 for an amount of 5,776 thousand euros (9,409 thousand euros in 2018).

The Construction Area adopts environmental practices in the execution of the works that allow for a respectful action with the environment, minimising its environmental impact by reducing the emission of dust into the atmosphere, controlling the level of noise and vibrations, controlling water discharges with special emphasis on the treatment of fluids generated by the works, the maximum reduction of waste generation, the protection of the biological diversity of animals and plants, protection of the urban environment due to occupation, pollution or loss of soils and the development of specific training programmes for technicians involved in the process of making decisions with an environmental impact, as well as the implementation of an "Environmental performance code" that establishes the requirements for subcontractors and suppliers regarding the protection and defence of the environment.

Nor is it considered that there are no significant contingencies related to the protection and improvement of the environment as at 31 December 2019 that may have a significant impact on the accompanying financial statements.

For more information on the provisions of this note, the reader should refer to the Statement of Non-Financial Information and the "Statement of Non-Financial Information" document that the Group publishes annually, among other channels, on the www.fcc.es website.

29. FINANCIAL RISK MANAGEMENT POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the FCC Group as a result of political, market and other factors and the repercussion thereof on the financial statements. The risk management philosophy of the FCC Group is consistent with their business strategy, and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations. The risk policy has been integrated into the Group's organisation in the appropriate manner.

In view of the Group's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

a) Capital risk

To manage capital, the main objective of the FCC Group is to reinforce its financial-equity structure, in order to improve the balance between borrowed funds and shareholders' equity, and the Group endeavours to reduce the cost of capital and, in turn, to preserve its solvency status, in order to continue managing its activities and to maximise shareholder value, not only at Group level, but also at the level of the parent, Fomento de Construcciones y Contratas, S.A.

The fundamental basis that the Group considers as capital is found in the Equity of the Balance Sheet, which, for the purposes of its management and follow-up, excludes both the "Changes in the fair value of financial instruments" items and the "Conversion differences" item.

The first of these headings is discarded for management purposes as it is considered within the interest rate management, being the result of the valuation of the instruments that transform the debt from a variable rate to a fixed rate. Conversion differences, meanwhile, are managed within the exchange rate risk.

Given the sector in which it operates, the Group is not subject to external capital requirements, although this does not prevent the frequent monitoring of equity to guarantee a financial structure based on compliance with the prevailing regulations of the countries in which it operates, also analysing the capital structure of each of the subsidiaries to enable an adequate distribution between debt and capital.

Proof of the foregoing are the extensions made in 2014 for 1,000,000 thousand euros and in 2016 for 709,519 thousand euros, both aimed at strengthening the capital structure of the Company.

As we looked at in note 19 of the Non-current and Current Financial Liabilities, two simple bonds were issued on 4 December 2019 by FCC Servicios Medioambiente Holding, S.A.U. for 1.1 billion euros. The main purpose of the funds was the voluntary early repayment of all the syndicated financing, which was signed in September 2018 and amounted to 1.2 billion. In November 2018, Fomento de Construcciones y Contratas, S.A. recorded a promissory notes programme amounting to 300 million euros, subsequently expanded to 600 million euros in March 2019. New credit facilities were taken out in 2019 in the form of credit policies and bilateral loans (note 19).

Additionally, and with part of the funds from the bond issuance made in Services, during 2019 the entire debt of Azincourt Investment, S.L. and Cementos Portland Valderrivas S.A. was repaid early and voluntarily for the amount of 25 million euros (note 19).

These operations have made it possible to complete the process of debt reduction and financial reorganisation initiated five years ago and to continue with the policy of diversifying financing sources; all this contributing to achieving a much more stable and efficient capital structure, with amounts, terms and financing costs suitable according to the nature of the different business areas.

The General Finance Department, which is responsible for the management of financial risks, regularly reviews the debt-equity ratio and compliance with financing covenants, together with the capital structure of the subsidiaries.

b) The FCC Group is exposed to currency exchange risk

A noteworthy consequence of FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be arranged in the same currency.

Although the benchmark currency in which the Group mainly operates is the euro, the Group also holds financial assets and liabilities accounted for in currencies other than the euro. Exchange rate risk is primarily located in borrowings denominated in foreign currencies, investments in international markets and payments received in currencies other than the euro.

As shown in the following table, this risk is mitigated by 96% of the Group's net debt being denominated in euros at 31 December 2019, followed in second place by the pound sterling:

	CONSOLIDATED (thousands of euros)							TOTAL
	Euro	Dollar	Pound	Czech Koruna	Rest of Europe not euro	Latin America	Rest	
Gross debt	4,212,019	40,967	409,754	222,285	40,989	10,908	49,933	4,986,855
Financial assets	(788,956)	(184,779)	(94,711)	(45,551)	(35,399)	(44,439)	(214,274)	(1,408,109)
Total consolidated net indebtedness	3,423,063	(143,812)	315,042	176,735	5,590	(33,531)	(164,341)	3,578,745
% Net Debt of the total	95.65%	(4.02%)	8.80%	4.94%	0.16%	(0.94%)	(4.59%)	100.00%

Note 16 of these Financial Statements breaks down the Cash and Equivalents by currency, showing how 58.1% are denominated in euros (61.4% as at 31 December 2018).

The Group's general policy is to mitigate the adverse effect that exposure to the different foreign currencies could have on its financial statements as much as possible, with regard to both transactional and purely equity-related movements. The Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

Below is a summarised table of the sensitivity to changes in the exchange rate in the two main currencies in which the Group operates, pound sterling and the US dollar against the euro:

	+ 10% pound sterling and dollar	
	Profit and Loss	Net Equity
Pound sterling	2,362	30,941
US Dollar	(5,962)	(5,809)
Total	(3,600)	25,132
	-10% pound sterling and dollar	
	Profit and Loss	Net Equity
Pound sterling	(2,362)	(30,941)
US Dollar	5,962	5,809
Total	3,600	(25,132)

The impact on the pound sterling is mainly due to the conversion of the net assets corresponding to the investment held in the FCC Environment (UK) subgroup.

c) The FCC Group is exposed to interest rate risk

The FCC Group is exposed to interest rate fluctuations due to the fact that the Group's financial policy aims to ensure that its current financial assets and debt are partially tied to variable interest rates. The benchmark interest rate for the Group's debt arranged with credit entities in euros is mainly the Euribor.

Any increase in interest rates could give rise to an increase in the Group's financing costs associated with its borrowings at variable interest rates, and could also increase the cost of refinancing the borrowings and the issue of new debt.

In order to ensure a position that is in the best interests of the Group, an interest rate risk management policy is actively implemented, with on-going monitoring of markets and assuming different positions depending primarily on the asset financed.

In addition, within the framework of the policy for managing this risk carried out by the Group, fixed-rate debt issuance operations have been carried out in capital markets together with interest rate hedges and fixed-rate financing, reaching 85.8% of the Group's total gross debt at the end of the year, including the hedging for Structured Project Financing.

The following table shows a breakdown of the gross debt of the FCC Group as well as the hedged debt, either because it is a fixed rate debt or through derivatives:

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation
Total External Gross Debt	4,986,855	1,695,088	1,703,030	22,503	309,402	857,001	399,831
Fixed-Rate Headings and Financing at 31/12/19	(4,276,733)	(1,608,718)	(1,651,950)	(8,644)	(5,421)	(697,984)	(304,016)
Total variable rate debt	710,122	86,370	51,079	13,859	303,981	159,017	95,815
Ratio: Variable rate debt / Gross External Debt at 31/12/19	14.2%	5.1%	3.0%	61.6%	98.2%	18.6%	24.0%

The table below summarises the effect on the Group's profit and loss statement of the changes in the interest rate curve with respect to gross debt, excluding fixed rate debt associated with hedging arrangements:

	Gross indebtedness		
	+25 bp	+50 bp	+100 bp
Impact on profit or loss	2,444	4,889	9,777

d) Solvency risk

At 31 December 2019, the net financial indebtedness of the FCC Group contained in the accompanying balance sheet amounted to 3,578,744 thousand euros as shown in the following table:

	2019	2018
Bank borrowings	1,474,667	2,200,084
Debt instruments and other loans	3,124,949	1,725,939
Other interest-bearing financial debt	387,238	210,361
Current financial assets	(189,566)	(178,799)
Cash and cash equivalents	(1,218,544)	(1,266,197)
Net interest-bearing debt	3,578,744	2,691,388
Net debts with limited recourse	(3,591,450)	(1,950,019)
Net indebtedness with recourse	(12,706)	741,369

The decrease in Net Debt with recourse is mainly due to the fact that after the issuance of FCC Servicios Medioambiente Holding S.A.U. bonds in December 2019 and detailed in note 19 of Non-current and

current financial liabilities, the financing of the Services area has been considered as debt with limited recourse.

e) The FCC Group is exposed to liquidity risk

The Group carries out its operations in industrial sectors that require a high level of financing, and has so far obtained adequate financing to carry out its operations. However, the Group cannot guarantee that these circumstances relating to obtaining financing will continue in the future.

The ability of the FCC Group to obtain financing depends on many factors, a lot of which are beyond their control, such as general economic conditions, the availability of funds in financial institutions, the depth and availability of the capital markets and the monetary policy of the markets in which they operate. Adverse effects in debt and capital markets may hinder or prevent adequate financing being available to perform the Group's activities

Historically, the Group has always been able to renew its loan arrangements, and it expects to continue doing so in the coming twelve months. However, FCC Group's ability to renew its financing depends on various factors, many of which are outside the control of the Group, such as general economic conditions, the availability of funds for loans from private investors and financial institutions, and the monetary policy of the markets in which it operates. Negative conditions in debt markets could hinder or prevent Group's capacity to renew its financing. Therefore, the Group cannot guarantee its ability to renew credit agreements and bond issues under economically attractive terms. The inability to renew said financing or to secure it under acceptable terms could have a negative impact on the Group's liquidity and its ability to meet the working capital needs.

To adequately manage this risk, the Group performs exhaustive monitoring of the repayment dates of all credit facilities of each Group company, in order to conclude all renewals in the best market conditions sufficiently in advance, analysing the suitability of the funding and studying alternatives if the conditions are unfavourable on a case-by-case basis. The Group is also present in several markets, which facilitates obtaining credit facilities and mitigating liquidity risk.

At 31 December 2019, the Group has the following schedule of maturities of external gross debt, which amounts to 538,172 thousand euros for 2020:

2020	2021	2022	2023 and beyond	TOTAL
538,172	397,233	1,084,260	2,967,190	4,986,855

A significant part of the gross financial debt, for the amount of 4,564,521 thousand euros, has no recourse to the Parent Company, highlighting the debt for bond issues of the Integral Water Management segment for the amount of 1,703,030 thousand euros, and of the Environmental Services segment amounting to 1,695,089 thousand euros as at 31 December 2019.

At 31 December 2019, the Group had working capital of 741,436 thousand euros (926,278 thousand euros at 31 December 2018).

In order to manage liquidity risk, at 31 December 2019, the Group has an amount of 1,107,039 thousand euros cash, in addition to the following current financial assets and cash equivalents, whose maturities are shown below:

Thousands of euros	Amount	1-3 months	3-6 months	6-9 months	9-12 months
Other current financial assets	189,566	13,513	49,103	9,205	117,744

Thousands of euros	Amount	1 month	1-2 months	2-3 months
Cash equivalents	111,505	36,526	31,974	43,005

f) Concentration risk

The risk arising from the concentration of lending transactions with common characteristics is distributed as follows:

- Funding sources: In order to diversify this risk, the Group works with a large number of national and international financial institutions and capital markets to obtain financing.
- Markets/geography (domestic, foreign): The Group operates in a wide variety of national and international markets, with the debt mainly concentrated in euros and the rest in various international markets, with different currencies.
- Products: The Group uses various financial products: loans, credit facilities, obligations, syndicated loans, assignments and discounting, etc.
- Currency: The Group is financed through many different currencies according to the country of the investment.

The Group's strategic planning process identifies the objectives to be attained in each of the areas of activity, based on the improvements to be implemented, the market opportunities and the level of risk deemed acceptable. This process serves as a base for preparing operating plans that specify the goals to be reached each year.

To mitigate the market risks inherent to each line of business, the Group maintains a diversified position among businesses related to the construction and management of infrastructure, provision of environmental services and others. In the area of geographical diversification, in 2019 the weight of the external activity has been 45% of total sales, with special importance in the activities of Environmental Services and Infrastructure Construction.

g) Credit risk

The provision of services or the acceptance of client engagements, whose financial solvency was not guaranteed at the acceptance date, situations not known or unable to be assessed by the Group and unforeseen circumstances arising during the provision of the service or the execution of the engagement that could affect the client's financial position could generate a payment risk with respect to the amounts owed.

The Group request commercial reports and assess the financial solvency of clients before doing business and perform on-going monitoring, and have put in place a procedure to be adopted in the event of insolvency. In the case of public-sector clients, the Group does not accept engagements that do not have an assigned budget and financial approval. Offers that exceed a certain payment period must be authorised by the Finance Division. Likewise, on-going monitoring is performed of debt delinquency in various management committees.

The maximum level of exposure to credit risk has been calculated, with the breakdown of the amount as at 31 December 2019 as shown in the following table:

Financial credits granted	1,082,108
Trade and other receivables (note 15)	1,836,806
Derivative financial assets (note 22)	31
Cash and cash equivalents (Note 16)	1,218,544
Guarantees granted (note 25)	3,941,877
TOTAL	8,079,366

In general, the Group does not have collateral guarantees or improvements to reduce credit risk or for financial credits or accounts receivable from traffic. Although it should be noted that bonds are requested from subscribers in the case of certain contracts of the Water activity, mostly concessions affecting IFRIC 12, there are also offsetting mechanisms in certain contracts, mostly concessions affecting IFRIC 12 in Water, Environmental Services and Corporation activities, making it possible to guarantee the recovery of loans granted to finance early initial fees or investment plans.

In terms of credit quality, the Group applies its best criteria to impair financial assets that are expected to incur credit losses throughout their life (note 3.h). The Group regularly analyses changes in the public ratings of the entities to which it is exposed.

Risk hedging financial derivatives

In general, financial derivatives entered into by the FCC Group receive the accounting treatment provided for in the regulations for accounting hedges set forth in these financial statements. The main financial risk hedged by the FCC Group through derivative instruments relates to the fluctuations in floating interest rates to which Group company financing is tied. The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Group and the entities financing it.

Sensitivity analyses are carried out periodically with the objective of observing the effect of a possible change in interest rates on the Group's accounts.

A simulation was carried out, proposing three bullish scenarios of the basic interest rate curve of the Euro, coming in at around 0.09% in the medium/long term as at 31 December 2019, assuming an increase of 25 bp, 50 bp and 100 bp.

Below are the amounts (in thousands of euros) obtained in relation to the derivatives in force at the end of the year with an impact on equity, after applying, if applicable, the shareholding.

	Hedging derivatives		
	+25 pp	+50 pp	+100pp
Impact on Equity:			
Global consolidation	13,827	27,447	53,945
Equity method	9,980	19,945	39,599

h) Brexit risk

The activity that the Group carries out in the United Kingdom is basically concentrated in the Environmental Services business area, mainly through the shareholding in the FCC Environment Services (UK) Limited subgroup dedicated to the treatment, disposal and collection of waste, as well as to the management of waste recovery and incineration plants. Additionally, although to a lesser extent, the Group maintains a presence in the country through the export of cement and construction projects. At year-end, the Group posted 735,049 thousand euros in turnover and holds assets for a total amount of 1,712,455 thousand euros in the United Kingdom:

The net investment held in pounds amounts to 293,612 thousand euros (note 17.d). The following is a sensitivity analysis that reflects the possible impact on the Group's profit/(loss) and net worth in the event that the exchange rate of the pound against the euro increases or decreases by 10%:

	Profit and Loss	Net Equity
+ 10%	2,362	30,941
- 10%	(2,362)	(30,941)

The gross financial debt held in pounds amounts to 409.8 million euros as at 31 December 2019 and is concentrated in the aforementioned FCC Environment subgroup, consisting of various loans and project financing bonds at a fixed or variable rate hedged by hedging derivatives that make them fixed at a weighted average rate of 4.2%. Below is a summarised table with the effect that the changes in the interest rate curve of the debt denominated in pounds over gross indebtedness would have on the profit and loss statement of the FCC Group once the debt associated with hedging contracts has been excluded (in thousands of euros):

	Gross indebtedness			
	-25 pp	+25 pp	+50 pp	+100 pp
Impact on profit or loss	(9)	9	18	36

Although exposure to Brexit is mitigated by the natural hedging from holding assets and liabilities in the same currency, the Group monitors the progress of Brexit to adopt the measures it deems most appropriate for the activities carried out in the United Kingdom. At the close of these Financial Statements, the activities carried out by the Group in the country have a favourable performance with increasing returns compared to previous years (note 27).

30. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

a) Transactions with directors of the Parent Company and senior executives of the Group

The amounts accrued for fixed and variable remuneration received by the Directors of Fomento de Construcciones y Contratas, S.A. in 2019 and 2018, to be paid by the latter or any of the Group companies, jointly managed or associated, are as follows:

	2019	2018
Fixed remuneration	525	525
Other remuneration (*)	1,308	1,340
	1,833	1,865

(*) Includes the services agreement signed on 27 February 2015 with the director Alejandro Aboumrad (until July 2019), amounting to 338 thousand euros a year. This was replaced from August 2019 by a contract for the same amount with similar terms and conditions with Vilafulder Corporate Group. S.L.U., a company associated with said Director.

The senior executives listed below, who are not members of the Board of Directors, received total remuneration of 1,819 thousand euros (4,164 thousand euros in 2018).

2019	
Marcos Bada Gutiérrez	General manager of Internal Audit
Felipe B. García Pérez	General Secretary
Miguel A. Martínez Parra	General Manager of Administration and Finance
Félix Parra Mediavilla	Managing Director of FCC Aqualia

The total remuneration figure for 2018 includes the remuneration received by the chairman of Environmental Services, Agustín García Gila until the end of his employment relationship with the Group on 18 December 2018, and the compensation for the termination of this contract.

2018	
Marcos Bada Gutiérrez	General manager of Internal Audit
Felipe B. García Pérez	General Secretary
Miguel A. Martínez Parra	General Manager of Administration and Finance
Félix Parra Mediavilla	Managing Director of FCC Aqualia

Note 24 "Pension plans and similar obligations" describes the insurance taken out in favour of certain executive directors and directors.

Details of Board members who hold posts at companies in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect ownership interest were as follows:

Name or company name of the director	Company name of the Group entity	Position
EAC INVERSIONES CORPORATIVAS, S.L.	CEMENTOS PORTLAND VALDERRIVAS, S.A. REALIA BUSINESS, S.A.	CHAIRMAN DIRECTOR
INMOBILIARIA AEG, S.A. DE C.V.	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS, S.A. REALIA BUSINESS, S.A.	CHIEF EXECUTIVE OFFICER CHIEF EXECUTIVE OFFICER
JUAN RODRÍGUEZ TORRES	CEMENTOS PORTLAND VALDERRIVAS, S.A. FCC AQUALIA, S.A. REALIA BUSINESS, S.A.	DIRECTOR DIRECTOR NON-EXECUTIVE CHAIRMAN
ÁLVARO VÁZQUEZ DE LAPUERTA	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
ALEJANDRO ABOUMRAD GONZÁLEZ	CEMENTOS PORTLAND VALDERRIVAS, S.A. FCC AQUALIA, S.A.	REPRESENTATIVE OF THE DIRECTOR INMOBILIARIA AEG, DIRECTOR AND CHAIRMAN OF THE BOARD OF DIRECTORS
ANTONIO GÓMEZ GARCÍA	FCC AMÉRICAS, S.A. DE C.V.	ALTERNATE DIRECTOR
PABLO COLIO ABRIL	FCC MEDIO AMBIENTE, S.A. FCC AQUALIA, S.A. FCC CONSTRUCCIÓN, S.A. FCC ENVIRONMENT (UK) LIMITED FCC MEDIO AMBIENTE REINO UNIDO S.L.U. FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U.	CHAIRMAN DIRECTOR CHAIRMAN DIRECTOR VICE CHAIRMAN VICE CHAIRMAN

These directors hold posts or exercise functions and/or hold ownership interests of less than 0.01% in any case in other FCC Group companies, in which Fomento de Construcciones y Contratas, S.A. holds the majority of the voting rights, directly or indirectly.

In 2019, no significant transactions were performed entailing a transfer of assets or liabilities between Group companies and their executives and directors.

b) Situations of conflicts of interest

No conflict of interests have been directly or indirectly declared in the interest of Fomento de Construcciones y Contratas, S.A., in accordance with applicable regulations (Article 229 of the Spanish Corporate Enterprises Act), without prejudice to the operations of Fomento de Construcciones y Contratas, S.A. with its related parties reflected in this report or, as the case may be, of the agreements related to remuneration or appointment of positions. In this regard, when specific conflicts of interest have taken place with certain directors, they have been resolved in accordance with the procedure stipulated in the Board of Directors' Rules, with the directors involved abstaining from the corresponding debates and votes.

c) Operations between Group companies or entities

There are numerous transactions between Group companies that are part of their routine business and that, in any case, are eliminated in the process of preparing the consolidated financial statements.

The turnover of the accompanying consolidated income statement includes 277,375 thousand euros (191,408 thousand euros in 2018) from Group companies billing associates and joint ventures.

Likewise, purchases made from associates and joint ventures amounting to 15,878 thousand euros (14,907 thousand euros in 2018) are also included in the Group's consolidated financial statements.

d) Transactions with other related parties

During the year, a number of transactions were approved involving companies in which shareholders of Fomento de Construcciones y Contratas, S.A. own equity interests, the most significant of which were as follows:

- Agreements between FC y C, S.L. Unipersonal and Realia Business, S.A. for the management and marketing of real estate developments: El Bercial, Getafe, Madrid (40 homes and parking spaces), plot 10A in Badalona, Barcelona (134 collective dwellings and parking spaces), plots RCL 3A and 3B in Arroyo Fresno, Madrid (144 collective dwellings and garage spaces), and plot RUL 1B in Arroyo Fresno, Madrid (42 single-family homes).
- Construction agreements between FCC Construcción, S.A. and the Realia Group for plots in Valdebebas, Madrid (40 homes, storage rooms, garages, commercial premises and swimming pool) and Parque Ensanche, Alcalá de Henares (116 homes, storage rooms, garages and commercial premises) in the amount of 7,900 thousand euros and 15,000 thousand euros.
- Sale between FC y C, S.L. Unipersonal and the Realia group of two plots in Tres Cantos for 8,130 thousand euros.
- Sale and installation of a cooling machine for the HVAC system between FCC Industrial e Infraestructuras Energéticas, S.A.U. and Realia, S.A. for 185 thousand euros.
- Termination of the service provision contract between Fomento de Construcciones y Contratas, S.A. and Alejandro Aboumrad, and its replacement with a new contract, also for consulting and advisory services, with the company Vilafulder Corporate Group, S.L.U. for a total annual amount of 338 thousand euros.
- Service provision contract between Cementos Portland Valderrivas, S.A. and Mr Gerardo Kuri Kaufmann, for an amount of 175 thousand euros.
- In the framework of the debt refinancing associated with the Spanish activities of the Cementos Portland Valderrivas Group in 2016, a subordinated loan agreement was entered into with Banco Inbursa, S.A., Institución de Banca Múltiple, with book value at 31 December 2019 of 69,929 thousand euros. The finance costs incurred in the year totalled 2,210 thousand euros.
- Financing provided by the financial group Inbursa to FCC Construcción, S.A. for line 2 of the Panama underground, through the acquisition of construction certificates, amounting to 24,893 thousand dollars (22,158 thousand euros).

Furthermore, other transactions are carried out under market conditions, mainly telephone and internet access services, with parties related to the majority shareholder for a non-significant amount.

e) f) Mechanisms established to detect, determine and resolve possible conflicts of interests between the parent and/or its Group and its directors, executives or significant shareholders.

FCC Group has established specific mechanisms to detect, determine and resolve any possible conflicts of interest between the Group companies and their directors, executives and significant shareholders, as indicated in article 20 and thereafter of the Board of Directors' Rules.

31. FEES PAID TO AUDITORS

Fees for audit services accrued in 2019 and 2018 relating to audit services and other verification services, as well as other professional services, provided to the different Group companies and joint management that comprise the FCC Group by the main auditor and other auditors participating in the audit of the different Group companies, and by associated entities, both in Spain and abroad, are shown in the following table:

	2019			2018		
	Principle auditor	Other auditors	Total	Principle auditor	Other auditors	Total
Audit services	3,477	599	4,076	3,070	519	3,589
Other assurance services	522	571	1,093	181	882	1,063
Total audit and related services	3,999	1,170	5,169	3,251	1,401	4,652
Tax advisory services	-	1,466	1,466	18	1,381	1,399
Other services	-	1,527	1,527	165	1,214	1,379
Total professional services	-	2,993	2,993	183	2,595	2,778
	3,999	4,163	8,162	3,434	3,996	7,430

32. EVENTS AFTER THE REPORTING CLOSE

There have been no significant events between the end of the year and the date of preparation of these financial statements.

FULLY CONSOLIDATED SUBSIDIARIES

Company	Address	% Effective ownership	Auditor
ENVIRONMENTAL SERVICES			
Alfonso Benítez, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Aparcamientos Concertados, S.A.	Av. Aiguera, 1 – Benidorm (Alicante)	100.00	
Armigesa, S.A.	Paseo de Extremadura s/n – Armilla (Granada)	51.00	
Azincourt Investment, S.L.	Federico Salmón, 13 – Madrid	100.00	
Beootpad d.o.o. Beograd	Serbia	100.00	
Castellana de Servicios, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Compañía Catalana de Servicios, S.A.	Balmes, 36 – Barcelona	100.00	
Corporación Inmobiliaria Ibérica, S.A.	Av. Camino de Santiago 40, Madrid	100.00	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza Km. 25 – Zaragoza	60.00	
Ecodeal-Gestao Integral de Resíduos Industriais, S.A.	Portugal	53.62	Deloitte
Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services	Greece	51.00	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Egypt Environmental Services, S.A.E.	Egypt	100.00	Deloitte
Ekostone Áridos Siderúrgicos, S.L.	Superpuerto – Dique de Poniente. Punta Lucero, 5 – Zierbana (Vizcaya)	51.00	
Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L.	Plaça del Centre, 5 – El Vendrell (Tarragona)	66.60	Capital Auditors
Enviropower Investments Limited	United Kingdom	100.00	Deloitte
Europea de Tratamiento de Resíduos Industriais, S.A.	Federico Salmón, 13 – Madrid	100.00	
FCC (E&M) Holdings Ltd.	United Kingdom	100.00	Deloitte
FCC (E&M) Ltd.	United Kingdom	100.00	Deloitte

Company	Address	% Effective ownership	Auditor
FCC Ámbito, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Deloitte
FCC Environment Developments Ltd.	United Kingdom	100.00	Deloitte
FCC Environment Portugal, S.A.	Portugal	100.00	Deloitte
FCC Environment Services (UK) Limited	United Kingdom	100.00	Deloitte
FCC Environmental Services (USA) Llc.	USA	100.00	
FCC Environmental Services Florida Llc.	USA	100.00	
FCC Environmental Services Nebraska Llc.	USA	100.00	
FCC Environmental Services Texas Llc.	USA	100.00	
FCC Equal CEE, S.L.	Federico Salmón, 13 – Madrid	100.00	
FCC Equal CEE Andalucía, S.L.	Av. Molière, 36 – Málaga	100.00	
FCC Equal CEE Murcia, S.L.	Luis Pasteur, 8 – Cartagena (Murcia)	100.00	
FCC Equal CEE C. Valenciana, S.L.	Riu Magre, 6 P.I. Patada del Cid – Quart de Poblet (Valencia)	100.00	
FCC Medio Ambiente, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
FCC Medio Ambiente Reino Unido, S.L.Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	
FCC Servicios Medioambiente Holding, S.A. Unipersonal ¹	Federico Salmón, 13 – Madrid	100.00	Deloitte
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frontera, s/n – Los Barrios (Cádiz)	85.00	
Gandia Serveis Urbans, S.A.	Llanterners, 6 – Gandia (Valencia)	95.00	Centium
Gestió i Recuperació de Terrenys, S.A. Unipersonal	Balmes, 36 Entresuelo – Barcelona	80.00	Centium
Gipuzkoa Ingurumena BI, S.A.	Polígono Industrial Zubiondo Par A.5. – Hernani (Gipuzkoa)	82.00	Capital Auditors
Golrib, Soluções de Valorização de Resíduos Lda.	Portugal	55.00	
Grupo FCC CEE			
.A.S.A. Hódmezővásárhely Köztisztasági Kft	Hungary	61.83	Deloitte

¹ Change of name. Formerly Dédalo Patrimonial, S.L. Unipersonal

Company	Address	% Effective ownership	Auditor
ASMJ s.r.o.	Czech Republic	51.00	
FCC Abfall Service Betriebs GmbH	Austria	100.00	
FCC Austria Abfall Service AG	Austria	100.00	Deloitte
FCC BEC s.r.o.	Czech Republic	100.00	Deloitte
FCC Bratislava s.r.o.	Slovakia	100.00	Deloitte
FCC Bulgaria E.O.O.D.	Bulgaria	100.00	Deloitte
FCC Centrum Nonprofit Kft.	Hungary	100.00	
FCC Ceska Republika s.r.o.	Czech Republic	100.00	Deloitte
FCC České Budějovice s.r.o.	Czech Republic	75.00	Deloitte
FCC Dacice s.r.o.	Czech Republic	60.00	Deloitte
FCC EKO d.o.o.	Serbia	100.00	Deloitte
FCC EKO Polska sp. z o.o.	Poland	100.00	Deloitte
FCC EKO-Radomsko sp. z o.o.	Poland	100.00	
FCC Entsorga Entsorgungs GmbH & Co. Nfg KG	Austria	100.00	
FCC Environment CEE GmbH	Austria	100.00	
FCC Environment Romania S.R.L.	Romania	100.00	Deloitte
FCC Freistadt Abfall Service GmbH	Austria	100.00	
FCC Halbenrain Abfall Service GmbH & Co. Nfg KG	Austria	100.00	
FCC HP s.r.o.	Czech Republic	100.00	Deloitte
FCC Industrieviertel Abfall Service GmbH & Co. Nfg KG	Austria	100.00	
FCC Inerta Engineering & Consulting GmbH	Austria	100.00	
FCC Kikinda d.o.o.	Serbia	80.00	Deloitte

Company	Address	% Effective ownership	Auditor
FCC Liberec s.r.o.	Czech Republic	55.00	Deloitte
FCC Litovel s.r.o.	Czech Republic	49.00	
FCC Lublienec sp. z.o.o.	Poland	61.97	
FCC Magyarország Kft	Hungary	100.00	Deloitte
FCC Mostviertel Abfall Service GmbH	Austria	100.00	
FCC Neratovice s.r.o.	Czech Republic	100.00	
FCC Neunkirchen Abfall Service GmbH	Austria	100.00	
FCC Podhale sp z.o.o. ²	Poland	100.00	Deloitte
FCC Prostějov s.r.o.	Czech Republic	75.00	Deloitte
FCC Regios AS	Czech Republic	99.99	Deloitte
FCC Slovensko s.r.o.	Slovakia	100.00	Deloitte
FCC Tarnobrzeg.sp. z.o.o.	Poland	59.72	Deloitte
FCC Textil2Use GmbH	Austria	100.00	
FCC TRNAVA s.r.o.	Slovakia	50.00	Deloitte
FCC Uhý s.r.o.	Czech Republic	100.00	Deloitte
FCC Únanov s.r.o.	Czech Republic	66.00	
FCC Vrbak d.o.o.	Serbia	51.00	
FCC Wiener Neustadt Abfall Service GmbH	Austria	100.00	
FCC Zabcice s.r.o.	Czech Republic	80.00	Deloitte
FCC Zbovresky s.r.o.	Czech Republic	89.00	
FCC Zisterdorf Abfall Service GmbH	Austria	100.00	Deloitte
FCC Znojmo s.r.o.	Czech Republic	49.72	Deloitte

² Change of name. Formerly IB Odpady SP z.o.o.

Company	Address	% Effective ownership	Auditor
FCC Zohor.s.r.o.	Slovakia	85.00	Deloitte
Miejskie Przedsiębiorstwo Gospodarki Komunalnej sp. z o.o.	Poland	80.00	Deloitte
Obsed A.S.	Czech Republic	100.00	
Quail spol. s.r.o.	Czech Republic	100.00	Deloitte
RSUO Dobritch	Bulgaria	62.00	
Siewierskie Przedsiębiorstwo Gospodarki Komunalnej sp. z o.o.	Poland	60.00	
FCC Environment Group			
3C Holding Limited	United Kingdom	100.00	Deloitte
3C Waste Limited	United Kingdom	100.00	Deloitte
Allington O & M Services Limited	United Kingdom	100.00	Deloitte
Allington Waste Company Limited	United Kingdom	100.00	Deloitte
Anti-Waste (Restoration) Limited	United Kingdom	100.00	Deloitte
Anti-Waste Limited	United Kingdom	100.00	Deloitte
Arnold Waste Disposal Limited	United Kingdom	100.00	Deloitte
BDR Property Limited	United Kingdom	80.02	Deloitte
BDR Waste Disposal Limited	United Kingdom	100.00	Deloitte
Darrington Quarries Limited	United Kingdom	100.00	Deloitte
Derbyshire Waste Limited	United Kingdom	100.00	Deloitte
East Waste Limited	United Kingdom	100.00	Deloitte
FCC Buckinghamshire Holdings Limited	United Kingdom	100.00	Deloitte
FCC Buckinghamshire Limited	United Kingdom	100.00	Deloitte
FCC Buckinghamshire (Support Services) Limited	United Kingdom	100.00	

Company	Address	% Effective ownership	Auditor
FCC Energy Limited	United Kingdom	100.00	Deloitte
FCC Environment (Berkshire) Ltd.	United Kingdom	100.00	Deloitte
FCC Environment (Lincolnshire) Ltd.	United Kingdom	100.00	Deloitte
FCC Environment (UK) Limited	United Kingdom	100.00	Deloitte
FCC Environment Limited	United Kingdom	100.00	Deloitte
FCC Environment Lostock Limited	United Kingdom	100.00	
FCC Environmental Services UK Limited	United Kingdom	100.00	Deloitte
FCC Lostock Holdings Limited	United Kingdom	100.00	Deloitte
FCC PFI Holdings Limited	United Kingdom	100.00	Deloitte
FCC Recycling (UK) Limited	United Kingdom	100.00	Deloitte
FCC Waste Services (UK) Limited	United Kingdom	100.00	Deloitte
FCC Wrexham PFI (Phase II) Ltd.	United Kingdom	100.00	Deloitte
FCC Wrexham PFI (Phase II Holding) Ltd.	United Kingdom	100.00	Deloitte
FCC Wrexham PFI Holdings Limited	United Kingdom	100.00	Deloitte
FCC Wrexham PFI Limited	United Kingdom	100.00	Deloitte
Finstop Limited	United Kingdom	100.00	Deloitte
Focsa Services (UK) Limited	United Kingdom	100.00	
Hykeham O&M Services Limited	United Kingdom	100.00	Deloitte
Integrated Waste Management Limited	United Kingdom	100.00	Deloitte
Kent Conservation & Management Limited	United Kingdom	100.00	
Kent Energy Limited	United Kingdom	100.00	Deloitte
Kent Enviropower Limited	United Kingdom	100.00	Deloitte

Company	Address	% Effective ownership	Auditor
Landfill Management Limited	United Kingdom	100.00	Deloitte
Lincwaste Limited	United Kingdom	100.00	Deloitte
Norfolk Waste Limited	United Kingdom	100.00	Deloitte
Pennine Waste Management Limited	United Kingdom	100.00	Deloitte
RE3 Holding Limited	United Kingdom	100.00	Deloitte
RE3 Limited	United Kingdom	100.00	Deloitte
Telford & Wrekin Services Limited	United Kingdom	100.00	Deloitte
T Shooter Limited	United Kingdom	100.00	
Waste Recovery Limited	United Kingdom	100.00	
Waste Recycling Group (Central) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Scotland) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (UK) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Yorkshire) Limited	United Kingdom	100.00	Deloitte
Wastenotts (Reclamation) Limited	United Kingdom	100.00	Deloitte
Wastenotts O & M Services Limited	United Kingdom	100.00	Deloitte
Welbeck Waste Management Limited	United Kingdom	100.00	Deloitte
WRG (Midlands) Limited	United Kingdom	100.00	Deloitte
WRG (Northern) Limited	United Kingdom	100.00	Deloitte
WRG Acquisitions 2 Limited	United Kingdom	100.00	Deloitte
WRG Environmental Limited	United Kingdom	100.00	Deloitte
WRG Waste Services Limited	United Kingdom	100.00	
Integraciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 Pk 3,280 – Castañeda (Cantabria)	90.00	Deloitte

Company	Address	% Effective ownership	Auditor
International Services Inc., S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D 49 – Barcelona	100.00	
Jaume Oro, S.L.	Av. del Bosc, s/n P.I. Hostal Nou – Bellpuig (Lleida)	100.00	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 8 – Cartagena (Murcia)	90.00	Deloitte
Limpiezas Urbanas de Mallorca, S.A.	Ctra. Santa Margalida-Can Picafort – Santa Margalida (Balearic Islands)	100.00	Deloitte
Manipulación y Recuperación MAREPA, S.A.	Av. San Martín de Valdeiglesias, 22 – Alcorcón (Madrid)	100.00	Deloitte
Recuperació de Pedreres, S.L.	Balmes, 36 Entresuelo – Barcelona	80.00	
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A.	Antonio Huertas Remigio, 9 – Maracena (Granada)	60.00	Capital Auditors
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Vi, 1 - Girona	75.00	Cataudit Auditors Associats
Servicios de Levante, S.A.	Camino Pla de Museros, s/n – Almazora (Castellón)	100.00	Deloitte
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Sistemas y Vehículos de Alta Tecnología, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Societat Municipal Mediambiental d'Igualada, S.L.	Pl. de l'Ajuntament, 1 – Igualada (Barcelona)	65.91	Centium
Tratamientos y Recuperaciones Industriales, S.A.	Balmes, 36 Entresuelo – Barcelona	75.00	
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 – P.I. Patada del Cid – Quart de Poblet (Valencia)	80.00	Capital Auditors
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A – Bilbao (Vizcaya)	100.00	Centium
AQUALIA			
Abrantaqua – Serviço de Aguas Residuais Urbanas do Município de Abrantes, S.A.	Portugal	30.60	Oliveira, Reis & Asociados
Acque di Caltanissetta, S.p.A.	Italy	50.22	Deloitte
Agua y Gestión del Ciclo Integral, S.L.U.	Av. Diego Martínez Barrio, 4 – Seville	51.00	
Aguas de Alcaidesa, S.L. Unipersonal	Zona Centro Comercial La Hacienda local 11– Línea de la Concepción (Cádiz)	51.00	
Aguas de Alcázar Empresa Mixta, S.A.	Rondilla Cruz Verde, 1 – Alcázar de San Juan (Ciudad Real)	26.71	Capital Auditors

Company	Address	% Effective ownership	Auditor
Aguas de las Galeras, S.L.	Av. Camino de Santiago, 40 – Madrid	51.00	
Aigües de Vallirana, S.A. Unipersonal	Conca de Tremp, 14 – Vallirana (Barcelona)	51.00	
Aqua Campiña, S.A.	Blas Infante, 6 – Écija (Seville)	45.90	Centium Auditores
Aquaervas – Aguas de Elvas, S.A.	Portugal	51.00	Deloitte
Aquafundalia – Agua Do Fundão, S.A.	Portugal	51.00	Deloitte
Aquajerez, S.L.	Cristalería, 24 – Cádiz	51.00	Ernst & Young
Aqualia Czech, S.L.	Av. Camino de Santiago, 40 – Madrid	51.00	Deloitte
Aqualia Desalación Guaymas, S.A. de C.V.	Mexico	51.00	Deloitte
Aqualia France ³	France	51.00	SNR Audit
Aqualia Infraestructuras d.o.o. Beograd-Vracar	Serbia	51.00	
Aqualia Infraestructuras d.o.o. Mostar	Bosnia-Herzegovina	51.00	
Aqualia Infraestructuras Inzenyring, s.r.o.	Czech Republic	51.00	CMC Audit
Aqualia Infraestructuras Montenegro (AIM) d.o.o. Niksic	Montenegro	51.00	
Aqualia Infraestructuras Pristina LLC.	Kosovo	51.00	
Aqualia Intech, S.A.	Av. Camino de Santiago, 40 – Madrid	51.00	Deloitte
Aqualia Mace Contracting, Operation & General Maintenance LLC.	United Arab Emirates	26.01	Deloitte
Aqualia Mace Qatar	Qatar	26.01	Mazars
Aqualia México, S.A. de C.V.	Mexico	51.00	Deloitte
Aqualia New Europe B.V.	Holland	51.00	RSM
Aquamaior – Aguas de Campo Maior, S.A.	Portugal	51.00	Deloitte
C.E.G. S.P.A. Simplifiée	France	51.00	SNR Audit
Cartagua, Aguas do Cartaxo, S.A.	Portugal	30.60	Oliveira, Reis & Associados

³ Change of name. Formerly SPI Environment, S.A.S.

Company	Address	% Effective ownership	Auditor
Compañía Onubense de Aguas, S.A.	Av. Martín Alonso Pinzón, 8 – Huelva	30.60	
Conservación y Sistemas, S.A.	Federico Salmón, 13 – Madrid	51.00	Deloitte
Depurplan 11, S.A.	Madre Rafols, 2 – Zaragoza	51.00	Capital Auditors
Empresa Gestora de Aguas Linenses, S.A.	Federico Salmón, 13 – Madrid	51.00	
Empresa Mixta de Conservación de La Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3 – Madrid	35.70	
Entenmanser, S.A.	Castillo, 13 – Adeje (Santa Cruz de Tenerife)	49.47	Deloitte
FCC Aqualia, S.A.	Av. Camino de Santiago, 40 – Madrid	51.00	Deloitte
FCC Aqualia América, S.A.U.	Uruguay, 11 – Vigo (Pontevedra)	51.00	
FCC Aqualia U.S.A. Corp	USA	51.00	Berkowitz Pollack Brant
Flores Rebollo y Morales, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30.60	
Hidrotec Tecnología del Agua, S.L. Unipersonal	Píncel, 25 – Seville	51.00	Deloitte
Infraestructuras y Distribución General de Aguas, S.L.U.	La Presa, 14 – Adeje (Santa Cruz de Tenerife)	51.00	Deloitte
Servicios Hídricos Agricultura y Ciudad, S.L.U. ⁴	Alfonso XIII – Sabadell (Barcelona)	51.00	
Severomoravské Vodovody a Kanalizace Ostrava A.S.	Czech Republic	51.00	Deloitte
Shariket Tahlya Miyah Mostaganem, S.P.A.	Algeria	13.00	Samir Hadj Ali
Sociedad Española de Aguas Filtradas, S.A.	Jacometrezo, 4 – Madrid	51.00	Deloitte
Sociedad Ibérica del Agua, S.A. Unipersonal	Federico Salmón, 13 – Madrid	51.00	
Società des Eaux de Fin d'Oise, S.A.S.	France	51.00	SNR Audit
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13 – Madrid	51.00	Deloitte
Vodotech, spol. s.r.o.	Czech Republic	51.00	CMC Audit s.r.o.
Water Sur, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30.60	

⁴ Change of name. Formerly Inversora Riutort, S.L.

Company	Address	% Effective ownership	Auditor
CONSTRUCTION			
ACE Scutmadeira Sistemas de Gestao e Controlo de Tráfego	Portugal	100.00	
Agregados y Materiales de Panamá, S.A.	Panama	100.00	Deloitte
Áridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n – Barajas de Melo (Cuenca)	100.00	Capital Auditors
Colombiana de Infraestructuras, S.A.S.	Colombia	100.00	ASTAF Auditores y Consultores
Concesiones Viales S. de R.L. de C.V.	Mexico	100.00	Deloitte
Concretos Estructurales, S.A.	Nicaragua	100.00	
Conservial Infraestructuras, S.L.	Federico Salmón, 13 – Madrid	100.00	
Consorcio FCC Iquique Ltda.	Chile	100.00	
Construcción Infraestructuras y Filiales de México, S.A. de C.V.	Mexico	52.00	
Construcciones Hospitalarias, S.A.	Panama	100.00	Deloitte
Constructora Meco-Caabsa, S.A. de C.V.	El Salvador	60.00	
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	55.60	Deloitte
Contratas y Ventas, S.A.	Av. de Santander, 3 1º – Oviedo (Asturias)	100.00	Deloitte
Corporación M&S de Nicaragua, S.A.	Nicaragua	100.00	
Desarrollo y Construcción Deyco CRCA, S.A.	Costa Rica	100.00	
Edificadora MSG, S.A. (Panama)	Panama	100.00	
Edificadora MSG, S.A. de C.V. (El Salvador)	El Salvador	100.00	
Edificadora MSG, S.A. de C.V. (Nicaragua)	Nicaragua	100.00	
FCC Américas, S.A. de C.V.	Mexico	50.00	Deloitte
FCC Américas Colombia, S.A.	Colombia	50.00	
FCC Américas Panamá, S.A.	Panama	50.00	Deloitte

Company	Address	% Effective ownership	Auditor
FCC Colombia, S.A.S.	Colombia	100.00	ASTAF Auditores y Consultores
FCC Construcción, S.A.	Balmes, 36 – Barcelona	100.00	Deloitte
FCC Construcción América, S.A.	Costa Rica	100.00	Deloitte
FCC Construcción Chile, SPA	Chile	100.00	
FCC Construcción Costa Rica, S.A.	Costa Rica	100.00	Deloitte
FCC Construcción de México, S.A. de C.V.	Mexico	100.00	Deloitte
FCC Construcción Perú, S.A.C.	Peru	100.00	
FCC Construções do Brasil Ltda.	Brazil	100.00	
FCC Constructii Romania, S.A.	Romania	100.00	
FCC Construction Inc.	USA	100.00	
FCC Construction International B.V.	Holland	100.00	
FCC Construction Ireland DAC	Ireland	100.00	Deloitte
FCC Construction Northern Ireland Limited	United Kingdom	100.00	Deloitte
FCC Edificadora CR, S.A.	Costa Rica	100.00	
FCC Electromechanical Llc.	Saudi Arabia	100.00	Ernst & Young
FCC Elliott Construction Limited	Ireland	100.00	Deloitte
FCC Industrial de Panamá, S.A.	Panama	100.00	Deloitte
FCC Industrial e Infraestructuras Energéticas, S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	Deloitte
FCC Industrial Perú, S.A.	Peru	100.00	
FCC Industrial UK Limited	United Kingdom	100.00	Deloitte
FCC Immobilien Holding GmbH	Germany	100.00	
FCC Servicios Industriales y Energéticos México, S.A. de C.V.	Mexico	100.00	Deloitte

Company	Address	% Effective ownership	Auditor
FCC Soluciones de Seguridad y Control, S.L.	Federico Salmón, 13 – Madrid	100.00	
Fomento de Construcciones Colombianas, S.A.S.	Colombia	100.00	
Fomento de Construcciones y Contratas Canadá Ltd.	Canada	100.00	
Guzmán Energy O&M, S.L.	Av. Camino de Santiago, 40 – Madrid	52.13	Deloitte
Impulsora de Proyectos Proserme, S.A. de C.V.	Mexico	100.00	
Mantenimiento de Infraestructuras, S.A.	Federico Salmón, 13 2a planta – Madrid	100.00	Deloitte
Meco Santa Fe Limited	Belize	100.00	
Megaplás, S.A. Unipersonal	Hilanderas, 4-14 – La Poveda – Arganda del Rey (Madrid)	100.00	Deloitte
Megaplás Italia, S.p.A.	Italy	100.00	Collegio Sindicale
Participaciones Teide, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Prefabricados Delta, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Deloitte
Ramalho Rosa Cobetar Sociedade de Construções, S.A.	Portugal	100.00	Deloitte
Servicios Dos Reis, S.A. de C.V.	Mexico	100.00	Deloitte
Tema Concesionaria, S.A.	Porto Pi, 8– Palma de Mallorca (Balearic Islands)	100.00	

CEMENT

Canteras de Alaiz, S.A.	Dormilateria, 72 – Pamplona (Navarre)	69.38	Deloitte
Carbocem, S.A.	María Tubau, 9 – 4 planta – Madrid	69.07	
Cementos Alfa, S.A.	María Tubau, 9 – 4 planta – Madrid	87.25	Deloitte
Cementos Portland Valderrivas, S.A.	Dormilateria, 72 – Pamplona (Navarre)	99.08	Deloitte
Dragon Alfa Cement Limited	United Kingdom	87.25	Deloitte
Dragon Portland Limited	United Kingdom	99.08	Deloitte
Hormigones de la Jacetania, S.A.	Llano de la Victoria – Jaca (Huesca)	61.93	KPMG

Company	Address	% Effective ownership	Auditor
Prebesec Mallorca, S.A.	Conradors (P.I. Marratxi) – Marratxi (Balearic Islands)	67.83	
Select Beton, S.A.	Tunisia	87.03	Guellaty
Société des Ciments d'Enfidha	Tunisia	87.06	Deloitte - Guellaty
Uniland Acquisition Corporation	USA	99.08	
Uniland International B.V.	Holland	99.08	
Uniland Trading B.V.	Holland	99.08	

OTHER ACTIVITIES

Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 – Madrid	100.00	
Autovía Conquense, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	Deloitte
Bvefdomintaena Beteiligungsverwaltung GmbH	Austria	100.00	
Grupo Cedinsa Concessionària			
Cedinsa Concessionària, S.A.	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte
Cedinsa Conservació, S.L. Unipersonal	Ctra. C-16 – Puig-Reig (Barcelona)	51.00	Deloitte
Cedinsa d'Aro Concessionària de la Generalitat de Catalunya, S.A.Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte
Cedinsa Eix Llobregat Concessionària de la Generalitat de Catalunya, S.A.Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte
Cedinsa Eix Transversal Concessionària de la Generalitat de Catalunya, S.A.Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte
Cedinsa Ter Concessionària de la Generalitat de Catalunya, S.A.Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte
Cemark - Mobiliario Urbano e Publicidade, S.A. ⁵	Portugal	100.00	PricewaterhouseCoopers
Concesionaria Atención Primaria, S.A.	Gremi de Sabaters, 21 (Loc. A. 15.2) – Palma de Mallorca (Balearic Islands)	82.50	Deloitte
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85.60	Deloitte
Costa Verde Habitat, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
F-C y C, S.L. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Deloitte

⁵ Change of name. Formerly Cemusa Portugal Companhia de Mobiliario Urbano e Publicidade, S.A.

Company	Address	% Effective ownership	Auditor
FCC Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
FCC Midco, S.A.	Luxembourg	100.00	
FCC Topco, S.A.R.L.	Luxembourg	100.00	
FCC Versia, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Fedemes, S.L.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Geneus Canarias, S.L.	Electricista, 2. U.I. de Salinetas – Telde (Las Palmas)	100.00	
Per Gestora, S.L.	Federico Salmón, 13 – Madrid	100.00	
PPP Infrastructure Investments B.V.	Holland	100.00	
Vela Boravica Koncern d.o.o.	Croatia	100.00	
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
Zona Verde – Promoção e Marketing Limitada	Portugal	100.00	PricewaterhouseCoopers

COMPANIES JOINTLY CONTROLLED WITH THIRD PARTIES OUTSIDE THE GROUP

(CONSOLIDATED USING THE EQUITY METHOD)

Company	Address	Net book value of the portfolio		% Effective ownership	Auditor
		2019	2018		
ENVIRONMENTAL SERVICES					
Atlas Gestión Medioambiental, S.A.	Viriato, 47 – Barcelona	11,933	11,935	50.00	Ernst & Young
Beacon Waste Limited	United Kingdom	1,361	1,294	50.00	Deloitte
Ecoparc del Besós, S.A.	Av. Torre d'en Mateu. P.I. Can Salvatella s/n – Barcelona	6,638	6,115	49.00	Castellà Auditors Consultors S.L.P.
Ecoserveis Urbans de Figueres, S.L.	Av. de les Alegries, s/n – Lloret de Mar (Girona)	153	153	50.00	
Electrorecycling, S.A.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	1,294	1,309	33.33	Audinform
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1 – Torrox (Málaga)	400	390	50.00	Audinform
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Barrio Las Zorreras, 8 – Rincón de la Victoria (Málaga)	275	261	50.00	Audinform
Fisera Ecoserveis, S.A.	Alemanya, 5 – Figueres (Girona)	164	158	36.36	Auditoria i Control Auditors S.L.P.
Gestión y Valorización Integral del Centro, S.L.	De la Tecnología, 2. P.I. Los Olivos – Getafe (Madrid)	476	419	50.00	Deloitte
Hades Soluciones Medioambientales, S.L.	Mayor, 3 – Cartagena (Murcia)	—	(19)	50.00	
Ingeniería Urbana, S.A.	Calle l esquina calle 3, P.I. Pla de la Vallonga – Alicante	4,261	4,290	35.00	Deloitte
Mediaciones Comerciales Ambientales, S.L.	Av. Barcelona, 109. P.5 – Sant Joan Despí (Barcelona)	793	426	50.00	
Mercia Waste Management Ltd.	United Kingdom	10,682	17,881	50.00	Deloitte
Palacio de Exposiciones y Congresos de Granada, S.A.	Paseo del Violón, s/n – Granada	(1,850)	(1,806)	50.00	Hispanobelga Economistas Auditores, S.L.P.
Pilagest, S.L.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	212	347	50.00	
Reciclado de Componentes Electrónicos, S.A.	Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Seville)	2,125	2,237	37.50	KPMG
Servicios de Limpieza Integral de Málaga III, S.A.	Camino Medioambiental (Ed. Limasa), 23 – Málaga	1,965	1,563	26.01	PricewaterhouseCoopers
Servicios Urbanos de Málaga, S.A.	Av. Camino de Santiago, 40 – Madrid	668	345	51.00	
Severn Waste Services Limited	United Kingdom	209	193	50.00	Deloitte
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91 – Barcelona	1,119	1,038	33.33	Castellà Auditors Consultors, S.L.P.
Zabalgarbi, S.A.	Camino Artigabidea, 10 – Bilbao (Vizcaya)	17,234	16,298	30.00	KPMG

Company	Address	Net book value of the portfolio		% Effective ownership	Auditor
		2019	2018		
AQUALIA					
Aguas de Langreo, S.L.	Alonso del Riesgo, 3–Langreo (Asturias)	885	882	24.99	Capital Auditors and Consultants, S.L.
Aguas de Narixa, S.A.	Málaga, 11 – Nerja (Málaga)	722	231	25.50	
Aigües de Girona, Salt i Sarrià del Ter, S.A.	Ciutadans, 11 – Girona	162	167	13.71	Cataudit Auditors Associats, S.L.
Compañía de Servicios Medioambientales do Atlántico, S.A.	Estrada de Cedeira Km. 1 – Narón (La Coruña)	302	298	24.99	Kreston Iberaudit APM, S.L.
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	(2,995)	(2,996)	12.49	Deloitte
Empresa Municipal de Aguas de Benalmádena EMABESA, S.A.	Explanada de Tivoli, s/n – Arroyo de la Miel (Málaga)	1,745	1,795	25.50	Audinfor
Girona, S.A.	Travesía del carril, 2 – Girona	1,672	1,680	17.14	Cataudit Auditors Associats, S.L.
HA Proyectos Especiales Hidráulicos S. de R.L. de C.V.	Mexico	1,132	1,055	25.25	Grant Thornton SC
Orasqualia Construction, S.A.E.	Egypt	(110)	(109)	25.50	KPMG
Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.	Egypt	11,700	9,601	14.25	Deloitte
Orasqualia Operation and Maintenance S.A.E.	Egypt	1,797	992	25.50	Deloitte
CONSTRUCTION					
Administración y Servicios Grupo Zapotillo, S.A. de C.V.	Mexico	143	68	50.00	
Construcciones Olabarri, S.L.	Ripa, 1 – Bilbao (Vizcaya)	5,521	5,607	49.00	Charman Auditores
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	—	—	24.50	Deloitte
Constructora Durango Mazatlán, S.A. de C.V.	Mexico	1,613	1,522	51.00	
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	Mexico	(34,403)	(32,318)	40.00	Deloitte
Constructores del Zapotillo, S.A. de C.V.	Mexico	1,528	1,372	50.00	Grant Thornton
Dragados FCC Canada Inc.	Canada	(862)	(861)	50.00	
Elaboración de Cajones Pretensados, S.L.	Av. Camino de Santiago, 40 – Madrid	2	2	50.00	
Integral Management Future Renewables, S.L.	A Condomiña, s/n – Ortoño (La Coruña)	3,257	2,997	50.00	Deloitte
North Tunnels Canada Inc.	Canada	(1,782)	(1,669)	50.00	
OHL Co Canada & FCC Canada Ltd. Partnership	Canada	(62,695)	(58,649)	50.00	
Servicios Empresariales Durango-Mazatlán, S.A. de C.V.	Mexico	136	128	51.00	

Company	Address	Net book value of the portfolio		% Effective ownership	Auditor
		2019	2018		
CEMENT					
Pedreira de l'Ordal, S.L.	Ctra. N 340 km. 1229,5 La Creu del L'Ordal – Subirats (Barcelona)	2,706	2,340	49.54	Deloitte
OTHER ACTIVITIES					
Ibisan Sociedad Concesionaria, S.A	Av. Isidor Macabich, s/n. Sant Rafel de Sa Creu (Balearic Islands)	7,291	8,123	50.00	Deloitte
MDM-Teide, S.A.	Panama	175	204	50.00	
Sociedad Concesionaria Tranvía de Murcia, S.A.	Paseo de la Ladera, 79 – Murcia	21,248	20,064	50.00	Deloitte
Subgrupo FM Green Power Investments		17,074	7,228		
Enestar Villena, S.A.	Maestro Chanzá, 3 – Villena (Alicante)	—	—	49.00	Ernst & Young
Ethern Electric Power, S.A.	Paseo de la Castellana, 91 planta 11 – Madrid	—	—	49.00	Ernst & Young
Estructuras Energéticas Generales, S.A. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	—	—	49.00	
Evacuación Villanueva del Rey, S.L.	Albert Einstein, s/n – Seville	—	—	6.28	
FM Green Power Investments, S.L.	Paseo de la Castellana, 91 planta 11 – Madrid	—	—	49.00	Ernst & Young
Guzmán Energía, S.L.	Portada, 11 – Palma del Río (Córdoba)	—	—	34.30	Ernst & Young
Helios Patrimonial 1, S.L. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	—	—	49.00	Ernst & Young
Helios Patrimonial 2, S.L. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	—	—	49.00	Ernst & Young
Olivento, S.L. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	—	—	49.00	Ernst & Young
Teide-MDM Quadrat, S.A.	Panama	65	301	50.00	
TOTAL VALUE OF COMPANIES CONSOLIDATED USING THE EQUITY METHOD (JOINT VENTURES)		38,141	34,882		

ASSOCIATES

(CONSOLIDATED USING THE EQUITY METHOD)

Company	Address	Net book value of the portfolio		% Effective ownership	Auditor
		2019	2018		
ENVIRONMENTAL SERVICES					
Aprochim Getesarp Rymoil, S.A.	P.I. Logrezana s/n– Carreño (Asturias)	1,016	960	23.49	CGM Auditores, S.L.y Villalba, Envid y Cia. Auditores, S.L.P.
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36 – Zaragoza	15	16	12.00	
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón Km. 58 – Zaragoza	611	613	33.00	
Betearte, S.A.U.	Cr. BI – 3342 pk 38 Alto de Areitio – Mallabia (Vizcaya)	(376)	(258)	33.33	DULA Auditores, S.L.P.
Gestión Integral de Residuos Sólidos, S.A.	Serrans, 12 – 14 Ent. 1 – Valencia	5,208	4,993	49.00	
Grupo FCC CEE		6,264	6,422		
A.R.K. Technicke Sluzby s.r.o.	Slovakia	—	—	50.00	Interauditor
A.K.S.D. Városgazdálkodási Korlátolt FT	Hungary	—	—	25.50	
ASTV s.r.o.	Czech Republic	—	—	49.00	
FCC + NHSZ Környezetvédelmi HKft	Hungary	—	—	50.00	Interauditor
FCC Hlohovec s.r.o.	Slovakia	—	—	50.00	
Huber Abfallservice Verwaltungs GmbH	Austria	—	—	49.00	
Huber Entsorgungs GmbH Nfg KG	Austria	—	—	49.00	Rittmann
Killer GmbH	Austria	—	—	50.00	
Killer GmbH & Co KG	Austria	—	—	50.00	
Recopap s.r.o.	Slovakia	—	—	50.00	Deloitte
FCC Group - PFI Holdings		9,797	—		
CI III Lostock Efw Limited	United Kingdom	—	—	40.00	

Company	Address	Net book value of the portfolio		% Effective ownership	Auditor
		2019	2018		
Lstock Power Limited	United Kingdom	—	—	40.00	
Lstock Sustainable Energy	United Kingdom	—	—	40.00	
Tirme Group		7,423	6,630		
Balear de Trituracions, S.L.	Cr. de Sóller Km. 8,2 – Palma de Mallorca (Balearic Islands)	—	—	20.00	
MAC Insular, S.L.	P.I. Ses Veles, (Cl. Romani), 2 – Bunyola (Balearic Islands)	—	—	14.00	Deloitte
MAC Insular Segunda, S.L.	Cr. de Sóller Km. 8,2 – Palma de Mallorca (Balearic Islands)	—	—	15.00	
Tirme, S.A.	Ctra. Soller Km. 8,2 Camino de Son Reus – Palma de Mallorca (Balearic Islands)	—	—	20.00	Deloitte
Sogecar, S.A.	Polígono Torrelarragoiti – Zamudio (Vizcaya)	482	421	30.00	
AQUALIA					
Aguas de Archidona, S.L.	Pz. Ochavada, 1 – Archidona (Málaga)	75	62	24.48	Centium Auditores
Aguas de Denia, S.A.	Pedro Esteve, 17 – Denia (Alicante)	408	424	16.83	Kreston Iberaudit APM, S.L.
Aguas de Guadix, S.A.	Plaza Constitución, 1 – Guadix (Granada)	161	—	20.40	
Aguas de Priego, S.L.	Plaza Constitución, 3 – Priego de Córdoba (Córdoba)	(16)	(3)	24.99	Audinfor
Aguas del Puerto Empresa Municipal, S.A.	Aurora, 1 – El Puerto de Santa María (Cádiz)	4,094	3,832	24.98	Deloitte
Aigües de Blanes, S.A.	Canigó, 5 – Blanes (Girona)	68	62	8.40	Acordia ACR S.L.
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tàrraga (Lleida)	—	—	0.52	Deloitte
Aigües del Tomoví, S.A.	Vella, 1 – El Vendrell (Tarragona)	—	492	24.99	
Aigües del Vendrell, S.A.	Vella, 1 – El Vendrell (Tarragona)	503	—	24.99	
Aquos El Realito, S.A. de C.V.	Mexico	7,499	6,608	24.99	Deloitte Mexico
Codeur, S.A.	Mayor, 22 – Vera (Almería)	6,504	—	13.26	
Concesionaria de Desalación de Ibiza, S.A.	Rotonda de Santa Eulalia, s/n – Ibiza (Balearic Islands)	1,243	1,300	25.50	BDO Auditores
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(5,395)	(5,395)	12.49	Deloitte
EMANAGUA Empresa Mixta Municipal de Aguas de Nijar, S.A.	Plaza de la Glorieta, 1 – Nijar (Almería)	356	423	24.99	Deloitte

CONSOLIDATED GROUP

Company	Address	Net book value of the portfolio		% Effective ownership	Auditor
		2019	2018		
Empresa Mixta de Aguas de Ubrique, S.A.	Juzgado, s/n – Ubrique (Cádiz)	88	86	24.99	Deloitte
Empresa Municipal de Aguas de Algeciras, S.A.	Av. Virgen del Carmen – Algeciras (Cádiz)	151	214	24.99	Kreston Iberaudit
Empresa Mixta de Aguas de Jodar, S.A.	Pz. España, 1 – Jodar (Jaén)	6	6	24.99	Centium Auditores
Empresa Municipal de Aguas de Linares, S.A.	Cid Campeador, 7 – Linares (Jaén)	279	381	24.99	Centium Auditores
Empresa Municipal de Aguas de Toxiria, S.A.	Plaza de la Constitución – Torredonjimeno (Jaén)	68	66	24.99	Centium Auditores
Nueva Sociedad de Aguas de Ibiza, S.A.	Av. Bartolomé Roselló, 18 – Ibiza (Balearic Islands)	65	77	20.40	
Omán Sustainable Water Services SAOC	Oman	1,030	911	24.99	KPMG
Operadora El Realito, S.A. de C.V.	Mexico	316	193	7.65	Ernst & Young
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	1	1	12.49	
Proveïments d'Aigua, S.A.	Astúries, 13 – Girona	571	535	7.71	Antoni Riera Economistes Auditors
Sera Q A Duitama E.S.P., S.A.	Colombia	13	13	15.61	
Shariket Miyeh Ras Djinet, S.P.A.	Algeria	—	12,704	13.01	Samir Hadj Ali
Shariket Tahlya Miyah Mostaganem, S.P.A.	Algeria	—	35,222	13.01	Samir Hadj Ali
Suministro de Aguas de Querétaro, S.A. de C.V.	Mexico	10,376	9,991	24.51	Deloitte Mexico

CONSTRUCTION

Agrenic Complejo Industrial Nindiri, S.A.	Nicaragua	2,108	2,528	50.00	Deloitte
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tàrraga (Lleida)	6,905	6,587	24.68	Deloitte
Cafig Constructores, S.A. de C.V.	Mexico	3,391	3,233	45.00	Deloitte
Construcciones y Pavimentos, S.A.	Panama	4	4	50.00	
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(5)	—	24.50	Deloitte
Constructora San José - Caldera CSJC, S.A.	Costa Rica	(1,683)	(1,647)	50.00	Deloitte
Constructora San José - San Ramón SJSR, S.A.	Costa Rica	(63)	(65)	50.00	
Constructora Terminal Valle de México, S.A. de C.V.	Mexico	8,915	3,505	14.28	Deloitte

CONSOLIDATED GROUP

Company	Address	Net book value of the portfolio		% Effective ownership	Auditor
		2019	2018		
Desarrollo Cuajimalpa, S.A. de C.V.	Mexico	7	6	25.00	
EFI Túneles Necaxa, S.A. de C.V.	Mexico	379	445	45.00	
FCC Tarrío TX-1 Construção Ltda	Brazil	(1)	—	70.00	
M50 (D&C) Limited	Ireland	(3,273)	(3,273)	42.50	Deloitte
N6 (Construction) Limited	Ireland	(38,412)	(38,413)	42.50	Deloitte
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	1	1	24.50	
Promvias XXI, S.A.	Anglesola, 6 - Barcelona	1	1	25.00	
Roadbridge FCC JV Limited	Ireland	143	—	50.00	Mazars
Servicios CTVM, S.A. de C.V.	Mexico	2	2	14.28	Deloitte
Serv. Terminal Valle de México, S.A. de C.V.	Mexico	27	18	14.28	Deloitte

CEMENT

Aplicaciones Minerales, S.A.	Camino Fuente Herrero - Cueva Cardiel (Burgos)	654	572	34.25	
Canteras y Hormigones VRE, S.A.	Berroa (P.I. La Estrella) - Aranguren (Navarre)	(389)	(534)	49.54	
Giant Group		13,661	24,212		
Coastal Cement Corporation	USA	—	—	44.59	
Dragon Energy Llc.	USA	—	—	44.59	
Dragon Products Comany Inc.	USA	—	—	44.59	
Giant Cement Company	USA	—	—	44.59	
Giant Cement Holding Inc.	USA	—	—	44.59	Deloitte
Giant Cement NC Inc	USA	—	—	44.59	
Giant Cement Virginia Inc	USA	—	—	44.59	
Giant Resource Recovery Inc.	USA	—	—	44.59	
Giant Resource Recovery - Arvonía Inc.	USA	—	—	44.59	

Company	Address	Net book value of the portfolio		% Effective ownership	Auditor
		2019	2018		
Giant Resource Recovery - Attalla Inc.	USA	—	—	44.59	
Giant Resource Recovery - Harleyville, Inc.	USA	—	—	44.59	
Giant Resource Recovery - Sumter Inc.	USA	—	—	44.59	
Keystone Cement Company	USA	—	—	44.59	
Sechem Inc.	USA	—	—	44.59	
Hormigones Castro, S.A.	Ctra. Nacional 634 - Barcena de Cicero (Cantabria)	317	312	34.90	
Hormigones del Baztán, S.L.	Berroa (P.I. La Estrella) - Aranguren (Navarre)	408	472	49.54	
Hormigones Delfín, S.A.	Venta Blanca - Peralta (Navarre)	666	453	49.54	
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita Km. 1 - Valtierra (Navarre)	2,356	1,580	39.63	
Hormigones Galizano, S.A.	Ctra. Nacional, 634 - Barcena de Cicero (Cantabria)	150	151	43.62	
Hormigones Reinales, S.A.	Pintor Murillo, s/n - Calahorra (La Rioja)	713	658	49.54	
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Nacional, 260 Km. 516, 5- Sabiñánigo (Huesca)	5,886	5,980	49.54	KPMG
Lázaro Echevarría, S.A.	P.I. Isasia- Alsasua (Navarre)	8,041	8,449	27.75	KPMG
Navarre de Transportes, S.A.	Ctra. Pamplona-Vitoria Km. 52 - Olazagutia (Navarre)	565	575	33.02	KPMG
Novhorvi, S.A.	Portal de Gamarra, 25 - Vitoria - Gasteiz (Alava)	134	137	33.02	
Portcemen, S.A.	Muelle Contradique Sur-Puerto Barcelona - Barcelona	1,230	1,307	33.02	
Terminal Cimentier de Gabes-Gie	Tunisia	35	32	29.01	Ernst & Young
Vescem-LID, S.L.	Valencia, 245 - Barcelona	27	29	24.77	

OTHER ACTIVITIES

Concessió Estacions Aeroport L9, S.A.	Av. Carillet, 3 Edificio D – L'Hospitalet de Llobregat (Barcelona)	6,122	9,788	49.00	Deloitte
Cedinsa Concesionaria Group					
Cedinsa Concesionaria, S.A.	Av. Josep Tarradellas, 38 – Barcelona	—	40,412	51.00	Deloitte
Cedinsa Conservació, S.L. Unipersonal	Ctra. C-16 Puig-Reig – Barcelona	—	1,302	51.00	Deloitte

CONSOLIDATED GROUP

Company	Address	Net book value of the portfolio		% Effective ownership	Auditor
		2019	2018		
Cedinsa d'Aro Concessionària de la Generalitat de Catalunya, S.A. Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	—	(674)	51.00	Deloitte
Cedinsa Eix del Llobregat Concessionària de la Generalitat de Catalunya, S.A. Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	—	(5,776)	51.00	Deloitte
Cedinsa Eix Transversal Concessionària de la Generalitat de Catalunya, S.A. Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	—	(8,966)	51.00	Deloitte
Cedinsa Ter Concessionària de la Generalitat de Catalunya, S.A. Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	—	5,327	51.00	Deloitte
Realia Business Group		276,540	272,493		
As Cancelas Siglo XXI, S.L.	Av. Camino de Santiago, 40 – Madrid	—	—	18.57	Ernst & Young
Boane 2003, S.A. Unipersonal	Paseo de la Castellana, 41 – Madrid	—	—	18.12	
Guillena Golf, S.L. Unipersonal	Paseo de la Castellana, 216 – Madrid	—	—	37.13	
Hermanos Revilla, S.A.	Paseo de la Castellana, 41 – Madrid	—	—	18.12	Ernst & Young
Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L.	Ayala, 3 – Madrid	—	—	12.39	
Planiges, S.A.	Av. Camino de Santiago, 40 – Madrid	—	—	28.22	
Realia Business Portugal – Unipessoal Lda.	Portugal	—	—	37.13	
Realia Business, S.A.	Av. Camino de Santiago, 40 – Madrid	—	—	37.13	Ernst & Young
Realia Contesti, S.R.L.	Romania	—	—	37.13	
Realia Patrimonio S.L.U.	Av. Camino de Santiago, 40 – Madrid	—	—	37.13	Ernst & Young
Servicios Índice, S.A.	Av. Camino de Santiago, 40 – Madrid	—	—	18.75	
Valaise, S.L. Unipersonal	Av. Camino de Santiago, 40 – Madrid	—	—	37.13	
Las Palmeras de Garrucha, S.L. en liquidación	Mayor, 19 – Garrucha (Almería)	975	977	20.00	
Metro de Lima Línea 2, S.A.	Peru	25,704	23,297	18.25	Ernst & Young
Sigenera, S.L.	Av. Linares Rivas, 1 – La Coruña	377	375	50.00	
World Trade Center Barcelona, S.A. de S.M.E.	Moll Barcelona (Ed. Este), s/n – Barcelona	9,319	8,979	24.01	Ernst & Young
TOTAL VALUE OF COMPANIES CONSOLIDATED USING THE EQUITY METHOD (ASSOCIATES)		390,841	452,853		

CHANGES IN THE SCOPE OF CONSOLIDATION

ADDITIONS	Address
GLOBAL CONSOLIDATION	
AGUA Y GESTIÓN DEL CICLO INTEGRAL, S.L.U	Av. Diego Martínez Barrio, 4 – Seville
AQUALIA FRANCE	France
AQUALIA MACE QATAR	Qatar
C.E.G. S.P.A. SIMPLIFIÉ	France
FCC ENVIRONMENT LOSTOCK LIMITED	United Kingdom
FCC ENVIRONMENTAL SERVICES FLORIDA, LLC.	USA
FCC ENVIRONMENTAL SERVICES NEBRASKA, LLC.	USA
FCC ENVIRONMENTAL SERVICES TEXAS, LLC.	USA
FCC LOSTOCK HOLDINGS LIMITED	United Kingdom
FCC MEDIO AMBIENTE REINO UNIDO, S.L.Unipersonal	United Kingdom
FLORES REBOLLO Y MORALES, S.L.	Urbanización Las Buganvillas, 4. – Vera (Almería)
SOCIÉTÉ DES EAUX DE FIN D'OISE, S.A.S.	France
WATER SUR, S.L.	Urbanización Las Buganvillas, 4. – Vera (Almería)
ASSOCIATES	
AGUAS DE GUADIX, S.A.	Plaza Constitución, 1– Guadix (Granada)
AIGÜES DEL VENDRELL, S.A.	Vella, 1 – El Vendrell (Tarragona)
CI III LOSTOCK EFW LIMITED	United Kingdom
CODEUR, S.A.	Mayor, 22 – Vera (Almería)
LOSTOCK POWER LIMITED	United Kingdom
LOSTOCK SUSTAINABLE ENERGY	United Kingdom
TEK-AKVA KORLÁLOLT FELELÖSSÉGÜ	Hungary

DERECOGNITIONS	Address
GLOBAL CONSOLIDATION	
BINATEC AL MAGHREB ¹	Morocco
COMPAÑÍA GENERAL DE SERVICIOS EMPRESARIALES, S.A. UNIPERSONAL ¹	Federico Salmón, 13 – Madrid
CORPORACIÓN ESPAÑOLA DE SERVICIOS, S.A. ¹	Federico Salmón, 13 – Madrid
EUROPEA DE GESTIÓN, S.A. UNIPERSONAL ¹	Federico Salmón, 13 – Madrid
FCC CONSTRUCTION HUNGARY KFT ¹	Hungary
FCC ENERGÍA ARAGÓN II, S.A. UNIPERSONAL ¹	Manuel Lasala, 36 – Zaragoza
GERAL I.S.V. BRASIL LTDA ¹	Brazil
PROYECTO FRONT MARÍTIM, S.L. ²	Balmes, 36 – Barcelona
PROYECTOS Y SERVICIOS, S.A. UNIPERSONAL ³	Av. Camino de Santiago, 40 – Madrid
JOINT VENTURES	
HADES SOLUCIONES MEDIOAMBIENTALES, S.L. ¹	Mayor, 3 – Cartagena (Murcia)
ASSOCIATES	
AIGÜES DEL TOMOVÍ, S.A. ⁴	Vella, 1 – El Vendrell (Tarragona)
REALIA POLSKA INWESTYCJE SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, S.A. ¹	Poland
RONDA NORTE DENIA, S.L. ¹	Juristes, 2 – Valencia
TEIDE GESTIÓN DEL SUR, S.L. ⁵	Av. Camino de Santiago, 40 – Madrid

¹ Derocognition due to liquidation

² Derecognition due to a merger by F-C y C, S.L. Unipersonal

³ Derecognition due to a merger with FCC Construcción, S.A.

⁴ Derecognition due to the private partner leaving

⁵ Derecognition due to dissolution

CHANGES IN THE CONSOLIDATION METHOD

COMPANY	Change in the consolidation method
CEDINSA CONCESIONARIA GROUP	Previously consolidated using the equity method (associate) Currently consolidated using global integration.
CEDINSA CONCESSIONÀRIA, S.A.	
CEDINSA CONSERVACIÓ, S.L. UNIPERSONAL	
CEDINSA D'ARO CONCESSIONÀRIA DE LA GENERALITAT DE CATALUNYA, S.A. UNIPERSONAL	
CEDINSA EIX DEL LLOBREGAT CONCESSIONÀRIA DE LA GENERALITAT DE CATALUNYA, S.A. UNIPERSONAL	
CEDINSA EIX TRANSVERSAL CONCESSIONÀRIA DE LA GENERALITAT DE CATALUNYA, S.A. UNIPERSONAL	
CEDINSA TER CONCESSIONÀRIA DE LA GENERALITAT DE CATALUNYA, S.A. UNIPERSONAL	
SHARIKET MIYEH RAS DJINET, S.P.A.	Previously consolidated using the equity method (associate) Currently considered a fair value financial asset.
SHARIKET TAHLYA MIYAH MOSTAGANEM, S.P.A.	Previously consolidated using the equity method (associate) Currently consolidated using global integration.

TEMPORARY JOINT VENTURES, FINANCIAL INTEREST GROUPS AND OTHER BUSINESSES MANAGED IN CONJUNCTION WITH THIRD PARTIES OUTSIDE THE GROUP

	Integration percentage at 31 December 2019
ENVIRONMENTAL SERVICES	
PUERTO UTE	50.00
UTE ABSA – PERICA	60.00
UTE ABSA – PERICA I	60.00
UTE ABSA – PERICA II	60.00
UTE AEROPUERTO VI	50.00
UTE AGARBI	60.00
UTE AGARBI BI	60.00
UTE AGARBI INTERIORES	60.00
UTE AIZMENDI	60.00
UTE AKEI	60.00
UTE ALCANTARILLADO MELILLA	50.00
UTE ALELLA	50.00
UTE ARAZURI 2016	50.00
UTE ALUMBRADO TIAS	67.00
UTE ARCOS	51.00
UTE ARTIGAS	60.00
UTE ARUCAS II	70.00
UTE BAILIN ETAPA 2	60.00
UTE BAIX EBRE-MONTSIÀ	60.00
UTE BERANGO	60.00
UTE BILBOKO SANEAMENDU	50.00
UTE BILBOKO SANEAMENDU BI	50.00
UTE BILKETA 2017	60.00
UTE BIOCOMPOST DE ÁLAVA	50.00
UTE BIZKAIKO HONDARTZAK	50.00
UTE BOADILLA	50.00
UTE CABRERA DE MAR	50.00
UTE CANA PUTXA	20.00
UTE CARMA	50.00
UTE CASTELLANA – PO	50.00
UTE CHIPIONA	50.00

	Integration percentage at 31 December 2019
UTE CGR GUIPUZCOA	35.14
UTE CLAUSURA SAN MARCOS	60.00
UTE CMG2 KUDEAKETA	82.00
UTE CMG2 LANAK	82.00
UTE CONTENEDORES LAS PALMAS	30.00
UTE CONTENEDORES MADRID	38.25
UTE CONTENEDORES MADRID 2	36.50
UTE CTR. DE L'ALT EMPORDÀ	45.00
UTE CTR – VALLÈS	20.00
UTE CUA	50.00
UTE DONOSTIAKO GARBIKETA	70.00
UTE DOS AGUAS	35.00
UTE ECO A CORUÑA	85.00
UTE ECOGONDOMAR	70.00
UTE ECOPARQUE CÁCERES	50.00
UTE ECOURENSE	50.00
UTE EFIC. ENERG. PUERTO DEL ROSARIO	60.00
UTE ENERGÍA SOLAR ONDA	25.00
UTE ENLLUMENAT SABADELL	50.00
UTE ENVASES LIGEROS MÁLAGA	50.00
UTE EPELEKO KONPOSTA	60.00
UTE EPELEKO PLANTA	35.00
UTE EPREMASA PROVINCIAL	55.00
UTE ERETZA	70.00
UTE ES VEDRA	25.00
UTE ETXEBARRI	60.00
UTE F.L.F. LA PLANA	47.00
UTE F.S.S.	99.00
UTE FCC – ERS LOS PALACIOS	50.00
UTE FCC – HIJOS DE MORENO, S.A.	50.00
UTE FCC-MCC SANTIAGO DEL TEIDE	80.00
UTE FCC PERICA I	60.00
UTE FCC – PERICA	60.00
UTE FCC – SUFI MAJADAHONDA	50.00
UTE FUENTES LAS PALMAS	25.00
UTE GESTIÓ INTEGRAL DE RUNES DEL PAPIOL	40.00
UTE GESTIÓN INSTALACIÓN III	34.99
UTE GIREF	20.00

	Integration percentage at 31 December 2019
UTE GOIERRI GARBIA	60.00
UTE GUIPUZKOAKO PORTUAK 2019	40.00
UTE ICAT LOTE 7	50.00
UTE ICAT LOTE 11	50.00
UTE ICAT LOTE 15	50.00
UTE ICAT LOTE 20 Y 22	70.00
UTE INTERIORES BILBAO	80.00
UTE INTERIORES BILBAO II	70.00
UTE JARD. UNIVERSITAT JAUME I	50.00
UTE JARDINERAS 2019	60.00
UTE JARDINES MOGÁN	51.00
UTE JARDINES PTO DEL ROSARIO	78.00
UTE JEREZ	80.00
UTE JUNDIZ II	51.00
UTE KIMAKETAK	50.00
UTE KIMEKETAK BI	50.00
UTE LA LLOMA DEL BIRLET	80.00
UTE LAGUNAS II	33.34
UTE LAGUNAS DE ARGANDA	50.00
UTE LAS CALDAS GOLF	50.00
UTE LEGIO VII	50.00
UTE LEKEITIOKO MANTENIMENDUA	60.00
UTE LEZO GARBIKETA 2018	55.00
UTE LIMPIEZA SANTA COLOMA	50.00
UTE LIMPIEZA Y RSU LEZO	55.00
UTE LOGROÑO LIMPIO	50.00
UTE LUZE VIGO	40.00
UTE LV ARRASATE	60.00
UTE LV RSU VITORIA-GASTEIZ	60.00
UTE LV Y RSU ARUCAS	70.00
UTE LV ZUMAIA	60.00
UTE LV ZUMARRAGA	60.00
UTE MANT. EDIFICIOS VALENCIA	55.00
UTE MANTENIMENT LOT 12	75.00
UTE MANTENIMENT REG CORNELLÀ	60.00
UTE MANTENIMIENTO BREÑA ALTA	50.00
UTE MAREPA – CARPA PAMPLONA	50.00
UTE MELILLA	50.00

	Integration percentage at 31 December 2019
UTE MNT0. EDIFICIO MOSSOS ESQUADRA	70.00
UTE MNT0. MEDITERRANEA FCC	50.00
UTE MUÉRDAGO	60.00
UTE MUSKIZ	60.00
UTE ONDA EXPLOTACIÓN	33.33
UTE PÁJARA	70.00
UTE PAMPLONA	80.00
UTE PARLA	50.00
UTE PARQUES INFANTILES LP	50.00
UTE PASAIA	70.00
UTE PASAIAKO PORTUA BI	55.00
UTE PISCINA CUBIERTA PAIPORTA	90.00
UTE PLAN RESIDUOS	47.50
UTE PLANTA ESTABILIZAC. TUDELA	55.00
UTE PLANTA RSI TUDELA	60.00
UTE PLANTA TR. FUERTEVENTURA	70.00
UTE PLANTA TRATAMIENTO VALLADOLID	90.00
UTE PLATGES VINARÓS	50.00
UTE PLAYAS GIPUZKOA	55.00
UTE PLAYAS GIPUZKOA II	55.00
UTE PLAYAS GIPUZKOA III	55.00
UTE PONIENTE ALMERIENSE	50.00
UTE PORTMANY	50.00
UTE PUERTO II	70.00
UTE PUERTO DE PASAIA	55.00
UTE PUERTO DE PTO DEL ROSARIO	70.00
UTE RBU ELS PORTS	50.00
UTE RBU VILLA-REAL	47.00
UTE RECOLLIDA SEGRÌÀ	60.00
UTE REG CORNELLÀ	60.00
UTE RESIDENCIA	50.00
UTE RESIDUOS 3 ZONAS Navarre	60.00
UTE RSU BILBAO II	60.00
UTE RSU CHIPIONA	50.00
UTE RSU INCA	80.00
UTE RSU LV S. BME. TIRAJANA	50.00
UTE RSU MÁLAGA	50.00
UTE RSU SESTAO	60.00

	Integration percentage at 31 December 2019
UTE RSU TOLOSALDEA	60.00
UTE S.U. ALICANTE	33.33
UTE S.U. BENICASSIM	35.00
UTE S.U. BILBAO	60.00
UTE S.U. OROPESA DEL MAR	35.00
UTE SANEAMIENTO URBANO CASTELLÓN	65.00
UTE SANEAMIENTO VITORIA-GASTEIZ	60.00
UTE SANEAMIENTO CELLERA DE TER	50.00
UTE SAV – FCC TRATAMIENTOS	35.00
UTE SEGURETAT URBICSA	60.00
UTE SELECTIVA LAS PALMAS	55.00
UTE SELECTIVA SANLUCAR	50.00
UTE SELECTIVA SAN MARCOS II	63.00
UTE SELECTIVA UROLA KOSTA	60.00
UTE SELECTIVA UROLA KOSTA II 2017	60.00
UTE SELLADO VERTEDERO LOGROÑO	50.00
UTE SOLARES CEUTA	50.00
UTE SON ESPASES	50.00
UTE TOLOSAKO GARBIKETA	40.00
UTE TOLOSALDEA RSU 2018	60.00
UTE TRANSPORTE RSU	33.33
UTE TRANSP. Y ELIM. RSU	33.33
UTE TXINGUDIKO GARBIKETA	73.00
UTE UROLA ERDIA	60.00
UTE URRETXU GARBIKETA	60.00
UTE URRETXU Y ZUMARRAGA	65.00
UTE URTETA	50.00
UTE VERTEDERO GARDELEGUI III	70.00
UTE VERTRESA	10.00
UTE VIDRIO MELILLA	50.00
UTE VIGO RECICLA	70.00
UTE VILOMARA II	33.33
UTE VINAROS	50.00
UTE ZAMORA LIMPIA	30.00
UTE ZARAGOZA DELICIAS	51.00
UTE ZARAUZKO GARBIETA	60.00
UTE ZUMAIA	60.00
UTE ZURITA II	50.00

	Integration percentage at 31 December 2019
AQUALIA	
A.I.E. COSTA BRAVA ABASTAMENT AQUALIA-SOREA	50.00
A.I.E. ITAM DELTA DE LA TORDERA	50.00
A.I.E. SOREA AQUALIA	37.50
ABASTAMENT EN ALTA COSTA BRAVA EMPRESA MIXTA, S.A.	26.00
AGUAS Y SERVICIOS DE LA COSTA TROPICAL DE GRANADA, A.I.E.	51.00
CONSORTIUM O&M ALAMEIN	65.00
EMPRESA MIXTA D'AIGÜES DE LA COSTA BRAVA, S.A.	25.00
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	41.25
GESTIÓN DE SERVICIOS HIDRÁULICOS DE CIUDAD REAL, A.I.E.	75.00
UTE ABU RAWASH CONSTRUCCIÓN	50.00
UTE AGUA SANTO DOMINGO	70.00
UTE AGUAS ALCALÁ	50.00
UTE AGUAS DEL DORAMÁS	50.00
UTE AIGÜES ELS POBLETS	95.00
UTE ALKHORAYEF-FCC AQUALIA	51.00
UTE AMPLIACIÓN IDAM DELTA DE LA TORDERA	66.66
UTE BADAJOZ ZONA ESTE	50.00
UTE BADAJOZ ZONA OESTE	50.00
UTE CALLE CRUZ	80.00
UTE CAP DJINET	50.00
UTE CONS. GESTOR PTAR SALITRE	30.00
UTE COSTA TROPICAL	51.00
UTE COSTA TROPICAL II	51.00
UTE COSTA TROPICAL III	51.00
UTE DEPURACIÓN PONIENTE ALMERIENSE	75.00
UTE EDAR A GUARDA 2013	50.00
UTE EDAR BAEZA	50.00
UTE EDAR GIJÓN	60.00
UTE EDAR TABLADA	50.00
UTE ETAPS ESTE	65.00
UTE EXPLOTACIÓN ITAM TORDERA	50.00
UTE FCC-ACISA AUDING	45.00
UTE GESTIÓN CANGAS	70.00
UTE GROUPEMENT SOLIDAIRE JERBA	50.00
UTE GUADIANA PUEBLONUEVO	51.00
UTE HIDC – HIDR. – INV DO CENTR. ACE	50.00

	Integration percentage at 31 December 2019
UTE IBIZA	50.00
UTE IDAM SAN ANTONI	50.00
UTE IDAM SANT ANTONI II	50.00
UTE IDAM SANTA EULALIA	50.00
UTE IDGA SANECA	70.00
UTE INFILCO	50.00
UTE LOURO	65.00
UTE MOSTAGANEM	50.00
UTE OBRA EDAR ARGAMASILLA DE CALATRAVA	70.00
UTE OYM CAP DJINET	50.00
UTE OYM MOSTAGANEM	50.00
UTE PTAR AMBATO	60.00
UTE PTAR SAN SILVESTRE	50.00
UTE PUEBLA REINA	65.00
UTE REDES CABB	65.00
UTE SCC SICE	50.00
UTE SEAFSA LANZAROTE	60.00
UTE SENTINAS	50.00
UTE SOLLONAKO URA	50.00
UTE TSE RIAD	51.00
UTE USSA A17	65.00
UTE VIGO PISCINAS	50.00
UTE ZAFRA	65.00
CONSTRUCTION	
ACE CAET XXI CONSTRUÇÕES	50.00
ACE RIBEIRADIO-ERMIDA	55.00
ACP DU PORT DE LA CONDAMINE	45.00
ASOC. ASTALDI-FCC-SALCEF-THALES, LOT 2 A	49.50
ASOC. ASTALDI-FCC-SALCEF-THALES, LOT 2 B	49.50
ASOC. FCC AZVI STRACO S. ATEL-MICASASA	55.00
ASOCIEREA FCC-ASTALDI-CONVENSA, TRONSON 3	50.50
ASOCIEREA FCC AZVI S. SIGHISOARA - ATEL	55.00
ASTALDI – FCC J.V.	50.00
ATRAQUE RIBERA FONDO CS UTE	50.00
BSV MERSEY JOINT VENTURE UNINC	50.00
CJV-UJV	35.92
CONSORCIO AMANCAE	60.00

	Integration percentage at 31 December 2019
CONSORCIO ANTIOQUÍA AL MAR	40.00
CONSORCIO CENTENARIO DE PANAMÁ SOCIEDAD ACCIDENTAL	50.00
CONSORCIO CHICAGO II	60.00
CONSORCIO CJV CONSTRUCTOR METRO LIMA	25.50
CONSORCIO COBRA – FCC INDUSTRIAL	43.00
CONSORCIO EPC METRO LIMA	18.25
CONSORCIO FCC AMERICAS	50.00
CONSORCIO FCC – CORREDOR DE LAS PLAYAS	51.00
CONSORCIO FCC – CORREDOR DE LAS PLAYAS II	51.00
CONSORCIO FCC CONSTRUCCIÓN-FERROVIAL AGROMAN LTDA.	50.00
CONSORCIO FCC-FI	50.00
CONSORCIO FCC-JJC (PUERTO CALLAO)	50.00
CONSORCIO FCC MECO SANTA FE DE COSTA RICA	50.00
CONSORCIO ICA – FCC – MECO PAC-4	43.00
CONSORCIO LÍNEA 2	40.00
CONSORCIO LÍNEA 2 RAMAL	40.00
CONSORCIO LÍNEA UNO	45.00
CONSORCIO M&S SANTA FE MCA	50.00
CONSORCIO NUEVA ESPERANZA	63.00
CONSORCIO REMOS FASE I	60.00
FAST 5 – U.J.V.	28.25
FAST CONSORTIUM LIMITED LLC	35.92
FCC - YUKSEL – ARCHIDORON – PETROSERV J.V.	50.00
GROUPEMENT FCC - INGENIUM	93.00
J.V. ASOCIEREA ARAD-TIMISOARA FCC-ASTALDI	50.00
J.V. ASTALDI-FCC-UTI-ACTIV. MAGISTRALA	37.00
J.V. BYPASS CONSTATA	50.00
J.V. CENTURE OTOPENI OVERPASS	40.00
J.V. EXTENSION OF LINE 2 TO ANTOHOUPOLI	50.01
J.V. FCC, HOCHTIEF UN ACB – AEROPUERTO RIGA	36.00
J.V. SFI LEASING COMPANY	30.00
MERSEYLINK CIVIL CONTRACTORS J.V.	33.33
METRO BUCAREST J.V.	47.50
SHIMMICK CO. INC. FCC CO. IMPREGILO SPA JV	30.00
SISK FCC GG PPP	50.00
THV CAFASSO CONSTRUCTION	50.00
TJV-UJV	16.16
UTE 2ª FASE DIQUE DE LA ESFINGE	35.00

	Integration percentage at 31 December 2019
UTE ACCESO FERROVIARIO APB	45.00
UTE ACCESO NORTE A VIGO NUEVA ESTACIÓN	50.00
UTE ACCESO PUERTO SECO MONFORTE	50.00
UTE ACCESOS A LA ESTACIÓN DE LA SAGRERA	37.50
UTE ACON. Y PEATON. SAN BARTOLOMÉ TIRAJANA	70.00
UTE ADAMUZ	33.33
UTE ADIF BANCADA 2018	50.00
UTE AEROPUERTO ADOLFO SUÁREZ	50.00
UTE AEROPUERTO DE CASTELLÓN	50.00
UTE ALAMEDA DE CERVANTES EN LORCA	60.00
UTE ALMENDRALEJO II	50.00
UTE ALUMBRADO ALAMEDA	20.00
UTE AMP. PLAT. COSTERA REC. GUINIGUADA	50.00
UTE ANAGA	33.33
UTE ANDENES L1-L9 TRAM BENIDORM	65.00
UTE APARATOS ATOCHA	39.97
UTE ARROYO DEL FRESNO	50.00
UTE AUCOSTA CONSERVACIÓN	50.00
UTE AUDITORIO DE BURGOS	65.00
UTE AUDITORIO DE LUGO	50.00
UTE AUTOPISTA CARTAGENA – VERA	50.00
UTE AUTOVÍA A-33 JUMILLA	65.00
UTE AUTOVÍA DE LA SAGRA	50.00
UTE AUTOVÍA EL BATÁN – CORIA	50.00
UTE AVE ALCÁNTARA-GARROVILLAS	85.00
UTE AVE EJE SUR	25.00
UTE AVE GIRONA	40.00
UTE AVE MASIDE	67.00
UTE AVENORESTE1	25.00
UTE AVENORESTE2	25.00
UTE AVE TÚNEL DE SERRANO	42.00
UTE BADAJOZ SUR	50.00
UTE BARBADOS	50.00
UTE BELLTALL	40.00
UTE BERGARA ANTZUOLA	50.00
UTE BOETTICHER	50.00
UTE BOETTICHER CLIMA	50.00
UTE BOETTICHER ELECTRICIDAD	50.00

	Integration percentage at 31 December 2019
UTE BOQUILLA SUR TÚNEL VIGO – DAS MACEIRA	50.00
UTE BRAZATORTAS	33.34
UTE BUSINESS	25.00
UTE C&F JAMAICA	50.00
UTE C.A.R.E. CÓRDOBA	75.00
UTE CÁCERES NORTE	50.00
UTE CÁCERES PLASENCIA	50.00
UTE CALDERS-VILASECA	20.00
UTE CAMPO GIBRALTAR	80.00
UTE CAMPUS CLIMA	50.00
UTE CANAL PRINCIPAL DE ORBIGO	50.00
UTE CÁRCEL MARCOS PAZ	35.00
UTE CARRETERA IBIZA – SAN ANTONIO	50.00
UTE CASTRUM ALBUM ELECTRIFICACION	80.00
UTE CASTUERA	33.34
UTE CATLÁNTICO	25.00
UTE CECOEX	20.00
UTE CENTRO SALUD TUI	50.00
UTE CHUAC	50.00
UTE CIERRE ANILLO INSULAR TFE	89.99
UTE CIRCUITO	70.00
UTE CIRCUNVALACIÓN LUCENTUM	50.00
UTE CIUTAT DE LA JUSTÍCIA	30.00
UTE CONEXIÓN CORREDOR MEDITERRÁNEO	40.00
UTE CONEXIÓN MOLINAR	70.00
UTE CONSERVACIÓN ANTEQUERA	50.00
UTE CONSERVACIÓN BADAJOZ	50.00
UTE CONSERVACION EX-A1	50.00
UTE CONSERVACIÓN MALPARTIDA	50.00
UTE CONSERVACION PLASENCIA	50.00
UTE CONSTRUCCIÓN TRANVÍA ZARAGOZA	50.00
UTE CONTROL MOGÁN	33.33
UTE CREA	50.00
UTE DE SUMINISTROS PUENTE RÍO OZAMA	50.00
UTE DEANCENTRO	60.00
UTE DEAN PLASENCIA	60.00
UTE DEANSUR	60.00
UTE DESALADORA BAJO ALMANZORA	60.00

	Integration percentage at 31 December 2019
UTE DESARROLLO PUERTO DE AVILÉS FASE I	80.00
UTE DESDOBLAMIENTO C.V. – 309 EN SAGUNTO	50.00
UTE DIQUE ESTE	35.00
UTE DIQUE TORRES	27.00
UTE DISTRICTE ADMINISTRATIU LOT 2	99.99
UTE DOCENCIA HOSPITAL SON ESPASES	33.00
UTE DONOSTIALDEA 2014	60.00
UTE DONOSTIALDEA 2018	60.00
UTE DOZÓN	29.60
UTE DRENAJES ADAMUZ	33.33
UTE DUPLICACION CALZADA N-338	60.00
UTE EDIFICIO C. CULT. POLIV., F. II-V. D'UIXÓ	60.00
UTE EDIFICIO TERMINAL	40.00
UTE ELECTRICIDAD BY PASS SUR CALLE 30	33.33
UTE ELECTRIFICACIÓN LA SAGRERA	50.00
UTE ENCAUZAMIENTO BARRANCO DE FRAGA	60.00
UTE EQUIPAMIENTO AUDITORIO BURGOS	65.00
UTE ESCLUSA SEVILLA	70.00
UTE ESTACIÓN GIRONA	40.00
UTE ESTACIONES AEROPORT L9	49.00
UTE ESTACIONES LÍNEA 9	33.00
UTE ESTACIONES TERRASSA	36.00
UTE EZKIO ITSASO	40.00
UTE F.I.F. GNL FB 301/2	35.96
UTE FACULTAD DE FILOSOFÍA	60.00
UTE FASE II C.I.C.C.M.	60.00
UTE FASE II PABELLÓN REYNO DE Navarre	50.00
UTE FCC INDUSTRIAL - ATON	90.00
UTE FCCI-ORBE	70.00
UTE FGV LINEA 9 CALP-TEULADA	62.50
UTE FGV VARIANTE TRAMO FINCA ADOC	55.00
UTE FUENTE DE CANTOS	50.00
UTE GALINDO-BEURKO	55.10
UTE GC – 1 PUERTO DE RICO – MOGÁN	40.00
UTE GIRONA NORTE II	70.00
UTE GIRONA NORTE 2014	70.00
UTE GOIÁN	70.00
UTE GRANADA	70.00

	Integration percentage at 31 December 2019
UTE GRANADILLA II	50.00
UTE GUADARRAMA 3	33.33
UTE GUADARRAMA 4	33.33
UTE HELIOS I	74.50
UTE HELIOS 2	74.50
UTE HOSPITAL ALCÁZAR	60.00
UTE HOSPITAL CAMPUS DE LA SALUD	80.00
UTE HOSPITAL DE CARTAGENA	70.00
UTE HOSPITAL DE MIRANDA	65.00
UTE HOSPITAL DEL SUR	80.00
UTE HOSPITAL DEL SUR, SEGUNDA FASE	40.00
UTE HOSPITAL FCC – VVO	80.00
UTE HOSPITAL NORTE TENERIFE	80.00
UTE HOSPITAL SON DURETA	33.00
UTE HOSPITAL UNIVERSITARIO DE MURCIA	50.00
UTE HUELVA SUDESTE	40.00
UTE IECISA-FCC/CPD DE CONSELL MALLORCA	50.00
UTE IECISA-FCC/INTERFONIA EN ESTACIONES	50.00
UTE IMPERMEABILIZACIÓN TÚNEL PAJARES NORTE	50.00
UTE INSTALACIONES EDIFICIO C	25.00
UTE INSTALACIONES FGC	36.00
UTE INSTALACIONES MADRID ESTE	46.25
UTE INSTALACIONES METRO MÁLAGA	54.00
UTE INSTALACIONES URBANAS ESTE	50.00
UTE INTERMODAL PRAT	35.00
UTE JAÉN – MANCHA REAL	80.00
UTE JUAN GRANDE	50.00
UTE LA ALDEA	35.00
UTE LA ROBLA	30.00
UTE LÍNEA 1 TRANVÍA DE MURCIA	50.00
UTE LÍNEA 2	50.00
UTE LÍNEA 9	33.00
UTE LLOVIO 2012	70.00
UTE LOT 2 PMI BCN	80.00
UTE LOT 3 PMI BCN	80.00
UTE LOT 5 GLORIES	37.50
UTE M-407	50.00
UTE MADRID SEVILLA AVE	60.00

	Integration percentage at 31 December 2019
UTE MAN. AEROPORT L9	49.00
UTE MANTENIMENT RONDES 2012	70.00
UTE MANTENIMIENTO ARANJUEZ II	76.00
UTE MANTENIMIENTO ARANJUEZ III	76.00
UTE MANTENIMIENTO CÓRDOBA	49.00
UTE MANTENIMIENTO CÓRDOBA II	49.00
UTE MANTENIMIENTO ENERGÍA METRO MÁLAGA	50.00
UTE MANTENIMIENTO HUSE	50.00
UTE MANTENIMIENTO JÚCAR	50.00
UTE MANTENIMIENTO TDM	50.00
UTE MANTENIMIENTO TDM 2018	50.00
UTE MANTENIMIENTO TRANVÍA ZARAGOZA	50.00
UTE MANTENIMIENTO SISTEMAS METRO MÁLAGA	35.00
UTE MANTENIMIENTO VÍA ARANJUEZ	50.00
UTE MAQUINARIA PESADA 2015	50.00
UTE MAQUINARIA VERÍN	50.00
UTE MÁRGENES NORTE 2016	50.00
UTE MATADERO	57.50
UTE MEDINACELI	22.40
UTE MEJORA ESTRUCTURAS MORA	39.97
UTE MADRID SEVILLA AVE	60.00
UTE METRO MADRID	70.00
UTE METRO MÁLAGA	36.00
UTE MIV CENTRO	19.00
UTE MIV SUR	27.00
UTE MOLL ADOSSAT 3ª FASE	37.50
UTE MONFORTE	24.00
UTE MONTAJE VÍA MOLLET – GIRONA	50.00
UTE MORA - CALATRAVA	39.97
UTE MTM. ARQUITECTURA, INFRAESTR. Y VÍA	28.00
UTE MTMTO. ENERGÍA Y ELECTROMECC. METRO MÁLAGA	50.00
UTE MTMTO. REDES Y SISTEMAS METRO MÁLAGA	40.00
UTE MUELLE DE LA QUÍMICA	70.00
UTE MUELLE PONIENTE NORTE DE PTO PALMA	75.00
UTE MUELLES COMERCIALES	60.00
UTE MURCIA	40.00
UTE MURSIYA MANTENIMIENTO	85.00
UTE MUSEO NACIONAL DE LA ENERGÍA	50.00

	Integration percentage at 31 December 2019
UTE NAVE FRÍO CILSA	50.00
UTE NTC CÁDIZ	50.00
UTE NUDO DE MOLLET	50.00
UTE NUEVO ESTADIO VCF	49.00
UTE NUEVO HOSPITAL DE CÁCERES	50.00
UTE NUEVO PUERTO DE IGOUMENITZA	50.00
UTE OPERADORA TERMOSOLAR GUZMÁN	67.50
UTE OPERADORA VILLENA	88.00
UTE OSORNO 2019	60.00
UTE PABELLÓN ARENA	50.00
UTE PABELLÓN REYNO DE Navarre	50.00
UTE PAGO DE ENMEDIO	75.00
UTE PALACIO DE CONGRESOS DE LEÓN	50.00
UTE PARQUE TECNOLÓGICO	60.00
UTE PASAIA BERRI	50.00
UTE PASAIA BERRI INSTALACIONES	80.00
UTE PEDRALBA - OURENSE	75.00
UTE PLA DE NA TESA	70.00
UTE PLATAFORMA TPTE PBCO CASTELLÓN	55.00
UTE PLATAFORMA TTE.PUB. TRAMO I COLUMBRETES	55.00
UTE POLA DE LENA	70.00
UTE POLÍGONO BOBES	50.00
UTE POLÍGONO LLOREDA	70.00
UTE PONT DE CANDI	75.00
UTE PRESA ENCISO	50.00
UTE PRESAS ITOIZ	33.00
UTE PREVENCIÓN INCENDIOS PATRIMONIO	20.00
UTE PRIM BARRIO SAN ANTON – ELCHE	80.00
UTE PROSER – GEOCONTROL	60.00
UTE PROSER – GEOCONTROL II	62.00
UTE PSIR CASTRO URDIALES	50.00
UTE PUENTE RÍO OZAMA (DFC-COCIMAR)	35.00
UTE PUENTE DEL REY	33.33
UTE PUERTO DE GRANADILLA	50.00
UTE PUERTO DE LAREDO	50.00
UTE RADIALES	35.00
UTE RED ARTERIAL PALENCIA FASE I	80.00
UTE REHABILITACIÓN PARQUE LA GAVIA	75.00

	Integration percentage at 31 December 2019
UTE REFORMA HOSPITAL V SALUD (TOLEDO)	60.00
UTE REFORMA PLAZA ESPAÑA	80.00
UTE REGADÍOS RÍO FLUMEN	60.00
UTE RUTA NACIONAL HAITÍ	55.00
UTE SAGUNTO	60.00
UTE SANEAMIENTO ARCO SUR	56.50
UTE SANEAMIENTO DE VILLAVICIOSA	80.00
UTE SANTA MARIA D'OLÓ-GURB	60.00
UTE SECTOR M-5 2012	70.00
UTE SERV. ENERG. PISCINA CUB. S. CABALLO	50.00
UTE SICA	60.00
UTE SICA II	50.00
UTE SIMULADOR APBA	50.00
UTE SISTEMA INTEGRAL ALACANTI SUR	66.67
UTE SISTEMAS METRO MALAGA	25.00
UTE SOTIELLO	50.00
UTE SSAA AP – 7	50.00
UTE TARRAGONA LITORAL	70.00
UTE TECSACON	20.00
UTE TECSACON 2017	20.00
UTE TF-5 2ª FASE	70.00
UTE TINDAYA	50.00
UTE TORQUEMADA	50.00
UTE TORRE DON JIMENO	50.00
UTE TORRE ISLA CARTUJA	80.00
UTE TS VILLENA	88.00
UTE TÚNEL AEROPORT	49.00
UTE TÚNEL AEROPORT II	49.00
UTE TÚNEL ATOCHA CHAMARTÍN	40.00
UTE TÚNEL C.E.L.A.	50.00
UTE TÚNEL DE PAJARES 1	50.00
UTE TÚNEL FIRA	49.00
UTE TÚNEL LA ALDEA	50.00
UTE TÚNEL PROVISIONAL ESTACIÓN ATOCHA	42.00
UTE TÚNEL TERRASSA	36.00
UTE TUNELADORA METRO	49.00
UTE TÚNELES BOLAÑOS	47.50
UTE TÚNELES DE BARAJAS	50.00

	Integration percentage at 31 December 2019
UTE TÚNELES DE GUADARRAMA	33.33
UTE TÚNELES DE SORBES	67.00
UTE UE 1 ARROYO DEL FRESNO	50.00
UTE UE 2 ARROYO DEL FRESNO	50.00
UTE UNQUERA – PENDUELES	80.00
UTE URBANITZACIÓ GIRONA	40.00
UTE URBANIZACIÓN PARC SAGUNT	50.00
UTE URBANIZACION VARA DEL REY	57.50
UTE URBANIZACIÓN VIA PARQUE TRAMO AV. CARB.-P	60.00
UTE VALDEVIVIENDAS II	33.33
UTE VANDELLÓS	24.00
UTE VARIANTE MANCHA REAL	67.00
UTE VELÓDROMO	60.00
UTE VERTEDERO CASTAÑEDA	62.50
UTE VÍA PAJARES	50.00
UTE VIADUCTOS PREFABRICADOS METRO RIYAD	50.00
UTE VIC - RIPOLL	34.00
UTE VIGO-DAS MACEIRAS	50.00
UTE VILARIÑO (VÍA IZQUIERDA)	90.00
UTE VILLAR – PLASENCIA	70.00
UTE YELTES	75.00
UTE YESA	33.33
UTE ZONAS VERDES ENSANCHE DE VALLECAS	33.33
OTHER ACTIVITIES	
C.G.T. – UTE JEREZ CB	50.00
UTE F C Y C HARRI IPARRA	50.00
UTE MEL 9	49.00
UTE OPERACIÓN TRANVÍA DE MURCIA	50.00
UTE SAGUNTO PARCELA M17-3	50.00

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES (CONSOLIDATED GROUP)**

Management Report

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1. STATUS OF THE ENTITY

1.1. Status of the entity: Organisational structure and decision-making process in management

The organisational structure of the FCC Group is based on a first level made up of Areas, which are divided into two large groups: operational and functional.

The Operating Areas include all those activities related to the productive line. The FCC Group has the following operating Areas, as discussed in greater detail in note 1 to the consolidated financial statements and in section 2.2. of the Non-Financial Information Statement:

- **Environmental Services.**
- **End-to-End Water Management.**
- **Construction.**
- **Cement Business.**
- **Concessions.**

Each of these operating Areas is headed by one or more specialised companies which, depending on FCC, encompass the Group's activities.

In addition, there are the Functional Areas, which carry out support tasks for the operational ones:

- **Administration and Finance:** The General Department of Administration and Finance includes the areas of Administration, Information Systems and Technologies, Finance, Investor Relations and Management Control, Corporate Marketing and Branding, Procurement and Human Resources.

The Administration area directs the administrative management of the FCC Group and has the following duties, among others, in relation to Information Systems and Internal Control:

- General accounting.
 - Accounting standardisation.
 - Consolidation.
 - Tax advice.
 - Tax procedures.
 - Tax compliance.
 - Administrative procedures.
- **Internal Audit and Risk Management:** aims to provide the Board of Directors, through the Audit and Control Committee, and the Senior Management of the FCC Group with support in their responsibilities for supervising the Internal Control System, by exercising a single and independent governance function aligned with professional standards, which contributes to good corporate governance, verifies correct compliance with applicable regulations, both internal and external, and reduces the possible impact of risks on the achievement of the FCC Group's objectives to reasonable levels.

To this end, it is divided into two independent functions: Internal Audit and Risk and Compliance Management.

- **General Secretary:** reporting directly to the Group's CEO, its main duty is to support the management of the Group, as well as management support for the heads of the other areas of FCC, by providing the services detailed in the corresponding sections of the divisions and departments that make up the Group, which are promoted and supervised by the General Secretary.

It is made up of the following areas: Legal Advice Department, Quality Management, Corporate Security and General Services and Corporate Responsibility.

The Areas, on a second level, can be divided into Sectors, the operational ones, and Divisions, the functional ones, establishing areas that allow greater specialisation when considered necessary.

The structure of the main decision-making bodies is set out below:

- **Board of Directors:** is the body that holds the broadest powers, without any limitation, except those that are expressly reserved, by the Spanish Corporate Enterprises Act or the Articles of Association, for the jurisdiction of the General Shareholders' Meeting.
- **Audit And Control Committee:** its main function is to support the Board of Directors in its supervisory duties by periodically reviewing the process for preparing economic and financial information, its internal controls and the independence of the external auditor.
- **Appointments and Remuneration Committee:** supports the Board of Directors in relation to proposals for the appointment, re-election, ratification and removal of Directors, establishes and controls the policy for the remuneration of the company's Directors and senior managers and the fulfilment of their duties by Directors, particularly in relation to situations of conflict of interest and related-party transactions.
- **Managing Committee:** Each of the business units has a Managing Committee or Committee with similar duties.

Further information on the duties of the FCC Group's decision-making bodies is provided in section 1 of the Internal Financial Reporting Control System (IFRS) and in section 3.1. of the Non-Financial Information Statement.

1.2. Status of the entity: Business model and company strategy

FCC is one of the leading European groups specialising in the environment, water, infrastructure development and management, with a presence in over 30 countries worldwide and nearly 45% of its turnover generated in international markets, mainly Europe (28%), the Middle East (6.7%), Latin America (6.2%), North Africa (2.46%) and the United States (1.37%).

Environmental Services

The Environmental Services area has a strong presence in Spain, having maintained a leading position in the provision of urban environmental services for over 100 years.

At a national level, FCC provides environmental services in municipalities and bodies in all the autonomous communities, serving a population of over 22 million inhabitants. Among the various services provided in this sector, waste collection and street cleaning stand out, representing 68% of revenue. It is followed in order of importance by waste treatment and disposal (14%), cleaning and maintenance of buildings, parks and gardens and, to a lesser extent, sewage. In terms of client types, more than 85% of the activity is carried out with public clients.

During 2019, this activity has been involved in a reorganisation process, which has meant that, all the activity that was carried out through the parent company FCC, S.A. has been transferred to the head subsidiary company of the activity in Spain (FCC Medio Ambiente, S.A.U.) through separation of a branch of activity, and, furthermore, that all the companies whose shares were held by companies other than the Environment area have been transferred and are dependent on the new parent company, FCC Servicios Medioambientales Holding.

International business is mainly carried out in the United Kingdom, Central Europe and the USA. For years, the Group has held a leading position in the United Kingdom and Central European markets in the comprehensive management of municipal solid wastes, as well as in the provision of a wide range of environmental services. The various services provided in this sector include treatment and recycling, disposal, waste collection and the generation of renewable energy. With a growing emphasis on treatment, recycling and renewable energy generation activities and a gradual reduction of disposal in controlled landfills.

The Environmental Services area also specialises in the comprehensive management of industrial and commercial waste, the recovery of by-products and soil decontamination, through the FCC Ámbito brand, which encompasses a group of companies with a wide network of management and revaluation facilities that enable proper waste management, ensuring the protection of the environment and people's health.

At an international level, the growth in the United States is noteworthy, where activities of collection and management of solid urban waste are carried out. This was the first year of activity in the collection service in Palm Beach (Florida) and the waste recycling plant in Houston (Texas). We have also been awarded other contracts that will begin operations in 2020, such as the waste collection contract in Omaha (Nebraska), Volusia (Florida), which has also been renewed for 5 years. In addition, the waste management contract for the Houston (Texas) plants, and contracts have also been signed for the Huntsville (Texas) and La Porte (Texas) recyclables, among others, with an additional backlog awarded in the year for the USA of approximately 600 million dollars

As has already been done for years, the strategy in Spain will focus on maintaining competitiveness through quality and innovation, increasing the efficiency and quality of services based on innovation and accumulated know-how (a clear commitment to electric vehicles as developed with the VEMTESU project), as well as continuing to make progress in achieving more intelligent services for more sustainable and responsible cities.

This year, the focus will continue to be on operational efficiency and business growth. In this regard, the incorporation of new technologies will enable the company to gain a foothold in the waste recycling and recovery markets in Europe and to position itself as a key player in the circular economy. As for the United States, the development of the activity will continue in the coming years.

In general, there is a broad commitment to climate change, for example with the issuance of green bonds to finance the operation and acquisition of assets developed with the activity.

End-to-End Water Management

FCC Aqualia serves over 25 million users and provides services in over 1,100 municipalities in 18 countries, offering the market all the solutions for the needs of public and private entities and organisations in all phases of the comprehensive water cycle and for all uses: human, agricultural or industrial.

FCC Aqualia's activity focuses on concessions and services, including distribution network concessions, BOT (Built-Operate-Transfer), operation and maintenance services and irrigation, as well as technology and network activities, including EPC (Engineering-Procurement-Construction) contracts and industrial water treatment activities.

In 2019 the market in Spain represents 67.7% of revenue. 2019 saw a recovery in the volumes of water billed that were reached in 2018. It was a dry year in terms of rainfall compared to 2018 and this circumstance led to this recovery. The reduction in the volume of consumption has been partially offset by an improvement in Operation and Maintenance (O&M) activities, efficiency improvements in operations and a greater volume of execution of various works related to concession contracts.

In the public sector, there is still a low level of bidding for hydraulic infrastructure concessions, which increases the deficit in the renovation and expansion of existing infrastructure. Despite this, tenders have been won and comprehensive cycle concession contracts have been extended when they expired, with a very high loyalty rate (over 90%) from those municipalities in which it operates. In addition, Aqualia has worked hard to expand its presence in the O&M and facilities market (WWTP, DWTP, desalination and network management).

The international market reached a turnover of 32.2%. FCC Aqualia focuses its activity in Europe, North Africa, the Middle East and the Americas, with ongoing contracts in more than 15 countries at present.

FCC Aqualia seeks to maintain its competitive position in those comprehensive water management markets where it has an established presence (Europe) and to take advantage of the opportunities that arise in this activity. In other expanding markets, it is planned to boost growth via BOT and O&M (North Africa, Latin America and the Middle East), along with comprehensive cycle management, while the study of possibilities in others (such as the USA) will continue. In addition, FCC Aqualia will use its extensive experience in comprehensive water cycle management for business opportunities in countries with a stable political and social balance.

Construction

FCC Construcción focuses its activity on the design, development and construction of large civil, industrial and building infrastructure projects. The presence in public works of complex elements such as railways, tunnels and bridges stands out, which together with those involving installation and industrial maintenance, form a large part of the activity.

Its teams have the experience, technical training and innovation to participate in the entire project value chain, from the definition and design, to its complete execution and subsequent operation.

In 2019, 61% of the total income comes from abroad, highlighting the execution of large infrastructure works such as lines 4, 5 and 6 of the Riyadh Metro, line 2 of the Lima Metro, Grangegorman University (Dublin-Ireland), Gerald Desmond Bridge (USA), line 2 of the Panama Metro and the Gurasada-Simeria railway line (Romania) – Sectors 2a, 2b and 3.

During 2019, the following contracts were awarded: design, construction and maintenance of the section of the A-9 motorway Badhoevedorp-Holendrecht (Netherlands) for 845.0 million euros, remodelling of the Santiago Bernabéu Stadium for 475.0 million euros, closure of the Insular Ring of Tenerife for 203.0 million euros and the section of the high-speed Mediterranean corridor Murcia-Almería, Níjar-Río Andarax section (Almería) for 88.1 million euros.

Cement

The FCC Group carries out its cement activity through the Cementos Portland Valderrivas Group. Its main activity is the manufacturing of cement, which in 2019 accounted for approximately 90% of the subgroup's total income. The remaining percentage was contributed by the concrete, mortar and aggregates businesses.

In terms of geographical diversification, by 2019, 40% of income came from international markets. The Cementos Portland Valderrivas Group is present in Spain, Tunisia and the United Kingdom. Moreover, from these three countries, the Group also exports to Africa, Europe and America.

The Cementos Portland Valderrivas Group has a leading position both in its main market, Spain, and in the Tunisian market.

The main objective of the Cementos Portland Valderrivas Group is to maintain a competitive edge both regarding costs and in the markets in which it operates, seeking to remain a leader in the sector in all the countries in which it is present.

2. BUSINESS PERFORMANCE AND RESULTS

2.1. Operational performance

2.1.1. Significant events

FCC Construcción has increased its backlog by 24.5% this year

At the end of the year, the Construction area had a backlog of projects to be developed of €5,623 million, 24.5% more than the previous year. In the last quarter, the company was awarded a two-year contract for the construction and subsequent maintenance of a section of the A-9 motorway ring road connecting Amsterdam and its airport, worth €845 million. In Spain, among other awards, backlog increased thanks to the remodelling of the Santiago Bernabéu stadium worth €475 million and the closure of the Insular Ring of Tenerife for another €203 million.

New business boost in the USA in the Environment area

The Environment area reinforced its presence in North America by adding the contract of solid urban waste collection in the city of Omaha, Nebraska, for the next ten years amounting \$255 million. FCC will provide the service with a fleet of 69 trucks powered by compressed natural gas. The contract includes a possible extension for an additional period of 10 years. In addition, last August, Volusia County, in Florida, approved the awarding of a seven and a half year urban solid waste collection contract, with a backlog of \$87 million. This fifth contract won in Florida and added to those in Orlando (Orange County) and Lakeland (Polk County), strengthens the presence of FCC in the US. The total volume of the FCC backlog in the country, where it already has another ten contracts in Texas, exceeding €1,000 million at the end of the year and serves more than 8 million citizens.

Aqualia enters France and strengthens its presence in the UAE with new contracts worth €100 million

In June, FCC Aqualia acquired the end-to-end water management company Services Publics et Industries Environnement (SPIE) in France. Likewise, in Spain, Agua y Gestión was purchased as well as a stake in Codeur. The combined amount of these acquisitions was €38 million.

In addition, it was awarded the operation and maintenance contract for the sanitation of the capital of Abu Dhabi, as well as the adjacent islands, for €40 million. In addition, the sanitation contract for the city of Al Ain was renewed for seven years, for a total of over €60 million. The total value of the contracts managed by Aqualia in the Arabian Peninsula (Saudi Arabia, UAE and Oman)

exceeds 600 million euros. The projects, mostly of a medium and long-term concessional nature, reflect the growing success and acceptance of collaboration models between public and private institutions to promote the development and operation of essential infrastructure in the region, where the company serves a total of 6 million people.

The Environment area completes its reorganisation and is awarded the World Smart City award

The Environment area completed its corporate and financial optimisation in the last quarter. The allocation to subsidiaries and reorganisation of holdings was completed with a new parent company that brings together all the area's activity in its different jurisdictions, FCC Servicios Medio Ambiente Holding. In addition, last November the new parent company of the area made two long-term green bond issues in the GBE of the Irish Stock Exchange (ISE), for a combined amount of €1,100 million. Both issues were rated investment grade and viewed favourably for their potential regarding sustainable and assets that tackle climate change.

Additionally, in November FCC Medio Ambiente won World Smart City awards in the "Innovative Idea" category for its highly energy-efficient e-mobility platform. The award-winning project is a modular chassis-platform, 100% electric, for urban service vehicles that has been developed by FCC Medio Ambiente and the Irizar Group, and which is subsidised by European funds. The strategic objective of this platform is the implementation of affordable electric mobility in urban services with environmental benefits, such as the reduction of pollutants, noise, carbon footprint and the maximisation of energy efficiency.

2.1.2. Executive Summary

- Attributable net profit rose 6% year-on-year to €266.7 million, with solid operating growth in all business areas, with a significant reduction in financial expenses being noteworthy. This more than offset the €45 million increase in profit attributable to minority shareholders, mainly in the Water area, and the €70 million adjustment made in the last quarter to the carrying value of certain assets in the Cement area.
- The Group's revenues amounted to €6,276.2 million, 4.8% higher than in the same period in 2018. This increase was generated in all areas of activity, with a greater dynamism in Water, thanks to the contribution of new contracts, and in Cement, due to higher demand.
- The gross operating profit increased by 19.1% to €1,025.8 million, leading to a rise in the operating profit to 16.3%, as a result of the aforementioned increase in activity in all areas, the increase in operating efficiency and the greater relative weight of higher-margin activities, utilities (environment and water). To this we must add the increase in transport concessions, following the acquisition of an additional stake in the Cedinsa Group and its change to global consolidation since last November.
- The profit and loss of equity-accounted affiliates increased significantly to €120.6 million. In addition to the recurring contribution of affiliates, mention should be made of the positive impact of €36.5 million due to the fair value adjustment of the stake in Cedinsa Group, prior to the change in the consolidation method, and the contribution of €24.4 million from renewable energy activity.
- Consolidated net financial debt closed in 31 December at €3,578.7 million, with an increase of 33% compared to December 2018, mainly due to the effect of the change to Cedinsa's global consolidation, which explains €730.2 million and, in a lesser extent, due to the investments in growth made in Environment, Water and an exceptional tax payment last May.
- The FCC Group's backlog stood at last 31 December at €31,038.4 million with an increase

of 7.1%. By contribution volume, the increase in Construction in Spain and Environment in the USA stood out.

KEY FIGURES			
(M€)	Dec. 19	Dec. 18	Chg. (%)
Net sales	6,276.2	5,989.8	4.8%
Gross Operating Profit (EBITDA)	1,025.8	861.2	19.1%
EBITDA Margin	16.3%	14.4%	2.0 p.p
Net Operating Profit (EBIT)	511.6	485.9	5.3%
EBIT Margin	8.2%	8.1%	0.1 p.p
Net attributable income	266.7	251.6	6.0%

(M€)	Dec. 19	Dec. 18	Chg. (%)
Equity	2,473.8	1,958.8	26.3%
Net financial debt	3,578.7	2,691.4	33.0%
Backlog	31,038.4	28,990.8	7.1%

2.1.3. Summary by business area

Zone	Dec. 19	Dec. 18	Chg. (%)	% of 2019 total	% of 2018 total
(M€)					
REVENUES BY BUSINESS AREA					
Environment	2,915.2	2,822.4	3.3%	46.4%	47.1%
Water	1,186.9	1,115.2	6.4%	18.9%	18.6%
Construction	1,719.3	1,655.1	3.9%	27.4%	27.6%
Cement	413.2	372.8	10.8%	6.6%	6.2%
Transport Concessions	49.8	35.3	41.1%	0.8%	0.6%
Corporate serv., etc.	(8.2)	(11.0)	-25.2%	-0.1%	-0.2%
Total	6,276.2	5,989.8	4.8%	100.0%	100.0%
REVENUES BY GEOGRAPHIC AREA					
Spain	3,465.6	3,259.6	6.3%	55.2%	54.4%
United Kingdom	734.9	752.8	-2.4%	11.7%	12.6%
Rest of Europe & Others	733.9	565.2	29.8%	11.7%	9.4%
Middle East and Africa	576.8	632.2	-8.8%	9.2%	10.6%
Latin America	388.7	425.5	-8.6%	6.2%	7.1%
Czech Republic	286.8	278.9	2.8%	4.6%	4.7%
US and Canada	89.5	75.6	18.4%	1.4%	1.3%
Total	6,276.2	5,989.8	4.8%	100.0%	100.0%
EBITDA*					
Environment	492.5	441.4	11.6%	48.0%	51.3%
Water	281.7	247.5	13.8%	27.5%	28.7%
Construction	100.2	65.0	54.1%	9.8%	7.5%
Cement	86.4	70.9	21.8%	8.4%	8.2%
Transport Concessions	31.8	19.6	62.2%	3.1%	2.3%

Corporate serv., etc.	33.2	16.8	97.9%	3.2%	2.0%
Total	1,025.8	861.2	19.1%	100.0%	100.0%
EBIT					
Environment	258.5	225.1	14.8%	50.5%	46.3%
Water	180.2	157.1	14.7%	35.2%	32.3%
Construction	77.3	49.6	55.8%	15.1%	10.2%
Cement	(20.0)	36.7	-154.5%	-3.9%	7.6%
Transport Concessions	12.0	9.5	26.3%	2.3%	2.0%
Corporate serv., etc.	3.6	7.9	-54.4%	0.7%	1.6%
Total	511.6	485.9	5.3%	100.0%	100.0%
NET FINANCIAL DEBT*					
With Recourse	(12.8)	741.4	-101.7%	-0.4%	27.5%
Without Recourse					
Environment	1,332.2	361.8	N/A	37.2%	13.4%
Water	1,214.5	1,197.6	1.4%	33.9%	44.5%
Construction	0.0	0.0	-	0.0%	0.0%
Cement	293.0	337.9	-13.3%	8.2%	12.6%
Transport Concessions	751.8	52.7	N/A	21.0%	2.0%
Total	3,578.7	2,691.4	33.0%	100.0%	100.0%
BACKLOG*					
Environment	10,366.2	9,804.1	5.7%	33.4%	33.8%
Water	15,018.3	14,651.4	2.5%	48.4%	50.5%
Construction	5,623.2	4,516.4	24.5%	18.1%	15.6%
Real Estate	30.7	18.9	62.4%	0.1%	0.1%
Total	31,038.4	28,990.8	7.1%	100.0%	100.0%

* See page 42 for a definition of the calculation in accordance with ESMA rules (2015/1415en).

2.1.4. Income Statement

(M€)	Dec. 19	Dec. 18	Chg. (%)
Net sales	6,276.2	5,989.8	4.8%
Gross Operating Profit (EBITDA)	1,025.8	861.2	19.1%
<i>EBITDA Margin</i>	<i>16.3%</i>	<i>14.4%</i>	<i>2.0 p.p</i>
Depreciation and amortisation	(458.4)	(386.2)	18.7%
Other operating income	(55.8)	11.0	N/A
Net Operating Profit (EBIT)	511.6	485.9	5.3%
<i>EBIT margin</i>	<i>8.2%</i>	<i>8.1%</i>	<i>0.1 p.p</i>
Financial income	(144.7)	(209.1)	-30.8%
Other financial results	1.5	14.8	-89.9%
P/L of equity-accounted affiliates	120.6	66.9	80.3%
Profit/(loss) before tax from continuing activities	489.0	358.5	36.4%
Corporate income tax expense	(149.1)	(78.8)	89.2%
Income from continuing operations	339.9	279.7	21.5%
Net Income	339.9	279.7	21.5%
Non-controlling interests	(73.2)	(28.2)	159.6%
Net attributable income	266.7	251.6	6.0%

2.1.4.1. Net Sales

The Group's consolidated revenues amounted to €6,276.2 million in the year, 4.8% higher than at the end of the previous year, due to the increase in activity in all areas, but mainly in Water and Cement. In the Water area, due to the increase in both its concession activity as a whole and in Technology and Networks in the international area. In Cement, due to the good performance of volumes and prices, mainly in the Spanish market.

By business areas, Environment, with the largest contribution, has grown 3.3%, mainly in Spain, thanks to both the entry into operation of new contracts and to the development of new treatment plants, that have compensated minor contribution of the United Kingdom due to the completion of the construction phase of the thermal treatment and energy-from-waste plant in Edinburgh in the middle of last year. Operations in Central Europe have also increased their contribution.

The Water area grew by 6.4%, due to its greater concession activity, with the contribution of revenues from France after the acquisition of the French company SPIE, and to the greater contribution of the activity in Algeria with the Mostaganem treatment plant, as well as to the Technology and Networks activity due to the good pace of project execution in Latin America.

In Construction, there has been 3.9% growth in activity, with an increased contribution from new and existing projects in the domestic market, as well as an increase in its activity in Europe, focused on projects such as the three railway lines in Romania or projects initiated in other EU countries. On the contrary, there has been a decrease in activity in Latin America due to the completion and delays in some works, as well as in the Middle East due to the termination of the Doha metro contract.

In the Cement area, revenues increased by 10.8%, largely due to increased demand in Spain and a recovery in the level of revenues generated by exports from Spain.

Revenue breakdown, by region			
(M€)	Dec. 19	Dec. 18	Chg. (%)
Spain	3,465.6	3,259.6	6.3%
United Kingdom	734.9	752.8	-2.4%
Rest of Europe and Others	733.9	565.2	29.8%
Middle East & Africa	576.8	632.2	-8.8%
Latin America	388.7	425.5	-8.6%
Czech Republic	286.8	278.9	2.8%
USA	89.5	75.6	18.4%
Total	6,276.2	5,989.8	4.8%

By region, in Spain revenues increased 6.3% to €3,465.6 million. Environment performed solidly with an increase of 5.8%, accounted for by the development of two urban waste treatment and recovery projects, together with the contribution of new services and extensions to municipal collection contracts. Water recorded a more moderate increase of 0.8%, due to an increase in the volumes invoiced and to a lower contribution of the Technology and Networks activity. The Construction area rose by an outstanding 9.2% due to an increase in its activity, both in building and in civil engineering works. The Cement area also achieved a considerable increase of 10.9%, supported by the good performance of volumes and prices. Lastly, it is worth highlighting the contribution of €14.6 million coming from the contribution of Cedinsa Group, in global consolidation since last 1 November.

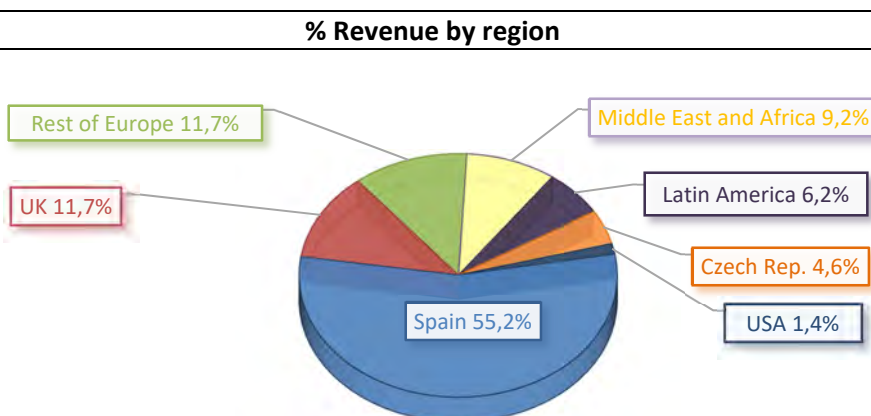
In the United Kingdom, revenues fell by 2.4% due to minor contribution of the treatment and energy-from-waste plant in Edinburgh, following the completion of its construction phase and the beginning of its operation phase.

In the rest of regions, Rest of Europe and Others stands out with a 29.8% increase, due to the improved rate of progress of the railway lines in Romania in the Construction area together with new contracts in Belgium and Ireland, plus the positive evolution of demand in the Environment area in all countries in which the Group operates, mainly in Austria, Hungary and Poland. In the Czech Republic, the 2.8% increase in the period is due to the rise in rates in end-to-end water management business together with a good performance in the Environment activity.

Outside the EU, the Middle East and Africa recorded a reduction of 8.8% due to several factors, in a positive sense, the greater contribution in the execution of the extensions of the Riyadh metro contract (Saudi Arabia), together with an increase from the operation of a treatment plant in Algeria in the Water area. On the contrary, the effect of the termination of the railway contract in Doha (Qatar) in the Construction area and the completion of the construction phase of a desalination plant in Egypt, stand out.

Revenues in Latin America fell by 8.6%, mainly due to the slower pace of projects in Panama and those completed in the Construction area in Chile, although progress in the execution of projects in Colombia and Mexico in the Water area, have also made a positive contribution.

In the United States revenues rose by 18.4%, due to the greater contribution of the various waste collection and treatment contracts in Florida and Texas in the Environment area and an improvement in exports from Spain in the Cement area.



2.1.4.2. Gross Operating Profit (EBITDA)

Gross operating profit rose to €1,025.8 million in the period, representing an increase of 19.1% over the previous year. The rise is based on the increase in income generated in all the Group's areas of activity and the increase in operating profitability obtained, particularly in Construction and Environment. In addition, it incorporates the effect of the entry into force on 1 January of the accounting regulations on the recording of operating leases (IFRS 16), which are now capitalised and their payment is recorded mainly as a depreciation charge, based on the time of use remaining in their contribution to the generation of revenue. Also noteworthy is the contribution since 1 November 2019 of the Cedinsa concession group, following the acquisition of an additional 17% stake and the subsequent takeover and change from equity to global consolidation since that date.

The main developments in the business areas were as follows:

Environment increased by 11.6% and reached €492.5 million due to the good performance of all the activities and in all the regions in which the group operates. Operating margin rose to 16.9%, compared to 15.6% the previous year.

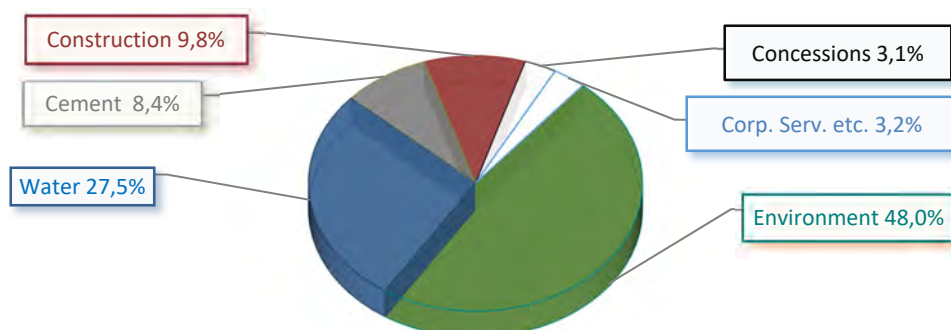
The Water area registered €281.7 million, 13.8% more than the previous year, supported especially by the contribution of the concessions and services activity in Spain, as well as by remarkable growth, both in the BOT concession activity and in Technology and Networks in the international area. Overall, operating margin rose to 23.7% from 22.5% in the previous year.

The Construction area recorded €100.2 million, an outstanding 54.1% more than the previous year, with a sustained increase in the margin throughout the period to 5.8%, thanks to the positive development of the projects underway, mainly in the international area.

In Cement, Ebitda increased 21.8% to €86.4 million, supported by the positive evolution of demand in Spain and despite the reduction of €3.6 million obtained from a minor sale of CO2 rights in this year, compared to the previous year, together with the effect of the depreciation of the Tunisian Dinar (5.27% in the year).

Also noteworthy is the significant contribution of the Cedinsa concession group to the consolidated Ebitda as at 1 November, which amounted to €11.9.

% EBITDA by Business Area



As a result of the performance of the different areas of activity in the year, the "Utilities", Environment and Water (together with Transport Concessions) areas contributed 78.6% to Ebitda in the period, compared with 21.4% from those linked to the demand for infrastructure construction and building and other activities.

2.1.4.3. Net Operating Profit (EBIT)

The net operating profit grew up to €511.6 million, 5.3% higher than in the previous year. The change between the two periods is explained by various factors, including most notably the aforementioned increase in income, the 18.7% increase in the depreciation charge recorded in this period, largely due to the application of IFRS 16 since 1 January and, lastly, the €70 million impairment of goodwill in the cement business to adapt it to the more moderate growth expected in the construction business. Without this exceptional adjustment, EBIT would have grown 19.7%, in line with the performance of the gross operating profit.

2.1.4.4. Earnings before taxes (EBT) from continuing operations

Earnings before tax from continuing activities were €489 million, up 36.4% on the previous year, mainly due to the development already mentioned regarding the operating profit, to which we must add both a higher contribution from affiliates and a substantial reduction in financial expenses.

2.1.4.4.1. Financial income

Net financial income amounted to €-144.7 million, with a reduction of 30.8% compared to the level recorded in the previous year. However, this heading includes two non-recurring factors in both periods, of equal importance but varying relevance. In the second quarter 2019, an expense of €18.8 million was recorded for default interest expenses in relation to a procedure by the Spanish tax authorities, the details of which were set out in the 1H2019 management report and for which the Group's parent company has filed a tax appeal. In 2018, a charge of €-59.3 million was recorded due to the accounting of the repayment of the existing syndicated loan of the parent company (IFRS 9, which came into force in January 2018).

Therefore, adjusted for these two exceptional items, the financial result at year-end would have fallen by 16%, in line with the reduction in the Group's average cost of financing as a result of the financial optimisation process carried out.

2.1.4.4.2. Other financial results

This heading includes a result of €1.5 million, 13.3 million less than at the close of the previous year. The difference is largely due to the adjustment of the sale price of a company transferred in 2009 for an amount of €-10 million.

2.1.4.4.3. Profit/(loss) of equity-accounted affiliates

The contribution of equity-accounted affiliates has risen to €120.6 million, an increase of €53.7 million compared to the previous year. Noteworthy is the net positive impact of €36.5 million due to the recognition at fair value of the stake in the Cedinsa Group prior to the change of consolidation method. In addition, the energy division contributed a positive result of €24.4 million, which includes an adjustment of €9.9 million to the value of its shareholding.

2.1.4.5. Income attributable to the parent company

Net attributable profit for the period amounted to €266.7 million, an increase of 6% compared to 2018. This profit is achieved by the contribution to the EBT of the following concepts:

2.1.4.5.1. Corporate tax expense

A corporate tax expense of €149.1 million, compared with €78.8 million at the close of the previous year. This increase is explained by a major result from operations, together with an adjustment of deferred taxes amounting to €25 million, as a result of the exit from the water parent company, FCC Aqualia, and its subsidiaries from the tax group of the Group's parent company.

2.1.4.5.2. Non-controlling interests

An increase in the attributable profit to non-controlling interest of €73.2 million compared with €28.2 million in the previous year, mainly concentrated in the Water area (€67 million compared with €24.5 million in the previous period), which includes the entry of a minority shareholder from September 2018.

2.1.4.6. Key figures from the Income Statement following the proportional criteria

The most significant figures in the income statement, calculated following effective stake of the company in each of the subsidiaries, joint ventures and associates, is as follows.

	Dec. 19	Dec. 18	Chg. (%)
Net sales	6,368.5	6,467.4	-1.5%
Gross Operating Profit (EBITDA)	1,132.4	1,064.4	6.4%
<i>EBITDA Margin</i>	<i>17.8%</i>	<i>16.5%</i>	<i>1.3 p.p</i>
Net Operating Profit (EBIT)	597.4	634.2	-5.8%
<i>EBIT margin</i>	<i>9.4%</i>	<i>9.8%</i>	<i>-0.4 p.p</i>
Income attributable to equity holders of the parent company	266.7	251.6	6.0%

2.1.5. Balance Sheet

(M€)	Dec. 19	Dec. 18	Chg. (Mn€)
Intangible assets	3,458.4	2,426.4	1,032.0
Property, Plant and Equipment	2,866.5	2,426.8	439.7
Equity-accounted affiliates	741.5	763.0	(21.5)
Non-current financial assets	863.2	380.6	482.6
Deferred tax assets and other non-current assets	599.9	610.4	(10.5)
Non-current assets	8,529.6	6,607.2	1,922.4
Inventories	728.8	691.0	37.8
Trade and other accounts receivable	1,907.7	1,780.8	126.9
Other current financial assets	189.6	178.8	10.8
Cash and cash equivalents	1,218.5	1,266.2	(47.7)
Current assets	4,044.6	3,916.8	127.8
TOTAL ASSETS	12,574.1	10,524.0	2,050.1
Equity attributable to shareholders of the parent company	1,951.3	1,684.0	267.3
Non-controlling interests	522.5	274.8	247.7
Equity	2,473.8	1,958.8	515.0
Grants	333.8	211.3	122.5
Non-current provisions	1,130.2	1,162.0	(31.8)
Long-term financial debt	4,448.7	3,839.1	609.6
Other non-current financial liabilities	581.6	61.3	520.3
Deferred tax liabilities and other non-current liabilities	303.0	301.0	2.0
Non-current liabilities	6,797.2	5,574.7	1,222.5
Current provisions	249.6	209.3	40.3
Short-term financial debt	538.2	297.3	240.9
Other current financial liabilities	145.4	83.6	61.8
Trade and other accounts payable	2,370.0	2,400.3	(30.3)
Current liabilities	3,303.2	2,990.5	312.7
TOTAL LIABILITIES	12,574.1	1,524.0	2,050.1

2.1.5.1. Fixed and non-current financial assets

The heading "Intangible assets" includes a €1,032 million increase in the year due mainly to the incorporation of the intangible assets from the Cedinsa concession group, amounting to €1,051 million, following the change of consolidation method to global consolidation after the takeover.

The balance of the heading "Property, plant and equipment" at the end of the year amounted to €2,866.5 million, that is €439.7 million more than the previous year. This difference is largely explained by the application from 1 January 2019 of IFRS 16, which establishes that operating leases are now capitalised and their payment is recognised mainly as period depreciation as a function of the remaining time over which they will contribute to producing revenues, and its counterpart in "Other financial liabilities" for the future payment obligations incurred.

Non-current financial assets are at €863.2 million, €482.6 million more than in the previous year. The increase in collection rights under concession agreements resulting from the entry into global consolidation of various companies, of which the Cedinsa Group, totalling €367.4 million. Furthermore, although to a lesser extent, the increase in collection rights corresponding to waste treatment plants in Spain and the United Kingdom within the Environment area.

2.1.5.2. Equity-accounted affiliates

Investments in equity-accounted companies amounted to €741.5 million in the period, comprising:

- 1) €276.5 million for the 36.9% stake in Realia after subscribing the capital increase carried out by the investee in December 2018.
- 2) €35.5 million for stakes in companies in the Water area, mainly service concession companies abroad (North Africa and Mexico).
- 3) €90.6 million for holdings in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
- 4) €13.7 million for the 44.6% stake in Giant Cement Holding, the parent company of the Cement area in the USA, together with another €23.5 million where the Cement parent company has a stake.
- 5) €76.6 million for participation in various transport infrastructure and equipment concessions.
- 6) Another €225.1 million corresponding to other stakes and loans to subsidiaries.

2.1.5.3. Cash and cash equivalents

The balance of the heading Cash and cash equivalents amounts to €1,218.5 million, 68% of which is non-recourse and the remaining 32% with recourse to the Group's parent company.

2.1.5.4. Equity

Equity at the end of the year amounts to €2,473.8 million, 26.3% more than at the end of the previous year. This increase is due to the contribution of the net profit achieved in the period of €339.9 million and, additionally to the increase in minority interests both in the Water area and in Cedinsa due to the change in the consolidation method.

2.1.5.5. Net financial debt

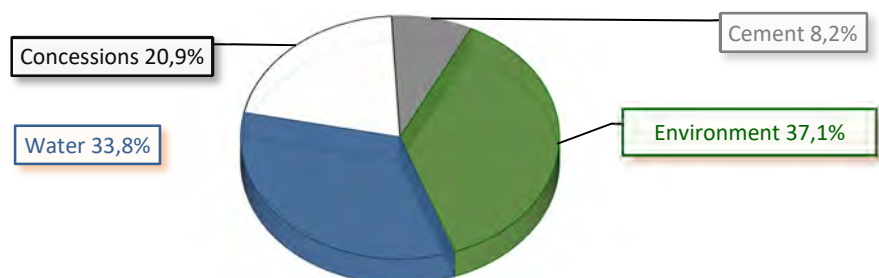
(M€)	Dec. 19	Dec. 18	Chg. (M€)
Bank borrowings	1,474.7	2,200.0	(725.3)
Debt instruments and other loans	3,125.0	1,726.0	1,399.0
Accounts payable due to finance leases	63.8	51.5	12.3
Other financial liabilities	323.4	158.9	164.5
Gross financial Debt	4,986.9	4,136.4	850.5

Cash and other current financial assets	(1,408.2)	(1,445.0)	36.8
Net Financial Debt	3,578.7	2,691.4	887.3
<i>With recourse</i>	<i>(12.8)</i>	<i>741.4</i>	<i>(754.2)</i>
<i>Without recourse</i>	<i>3,591.5</i>	<i>1,950.0</i>	<i>1,641.5</i>

Net financial debt at the end of the year amounted to €3,578.7 million, which is an increase of €887.3 million compared to December 2018. This increase is due to a combination of several factors, but what is most significant is the change to global consolidation of the Cedinsa concession group which, together with the €58 million takeover investment, has led to a €788.2 million increase in net financial debt. Also noteworthy is the impact of various growth initiatives, focused on end-to-end water management and on various treatment and recycling plants in the Environment area. Therefore, in the Group as a whole and excluding the aforementioned Cedinsa investment, growth in investments in 2019 amounted to €204.9 million. In addition, the already mentioned effect of a non-recurring tax payment to the tax authorities of €110.9 million and that related to expected performance of working capital in certain projects under way.

According to its nature, the total net financial debt is for the first time fully allocated to subsidiaries and in project debt, for an amount of €3,591.5 million at the end of the year. The parent company has achieved a positive cash position of €12.8 million.

Net Debt by Business Area (without recourse)



The net financial debt without recourse to the Group's parent company is structured as follows:

(i) The Water area totals €1,214.5 million, of which, in addition to the parent's company corporate bond financing, €192 million related to business in the Czech Republic and the remainder of several end-to-end water management concessions; (ii) the Cement area totals €293 million; (iii) the Environment area amounts to €1,332.2 million of which €1,093.7 million are related to the issue of two bonds amounting to €600 million and €500 million, maturing in 2023 and 2026, respectively, issued by FCC Servicios Medio Ambiente Holding, S.A.U. This company is wholly owned by FCC, in line with the area's process of subsidiarisation and the transfer of debt to the cash generating units; in addition, €253.1 million relate to activity in the United Kingdom, €37.1 million to the area's activity in central Europe and the remainder to project financing for three waste treatment and recycling plants in Spain; (iv) €751.8 million associated with the transport concession area, most of which (€730.2 million) relates to the inclusion of the project debt of the Cedinsa concession group.

2.1.5.6. Other current and non-current financial liabilities

The heading of other current and non-current financial liabilities totals €727 million at the end of the year. The increase compared to the balance at December 2018 includes mainly the liability relating to the recognition on the assets side of the cost of operating leases amounting €420.6 million, in accordance with the entry into force of the new accounting regulations. It also includes other liabilities that are not financial liabilities, such as those associated with hedging derivatives, suppliers of fixed assets, guarantees and deposits received.

2.1.6. Cash Flow

<i>(Millions of Euros)</i>	Dec. 19	Dec. 18	Chg. (%)
Gross Operating Profit (EBITDA)	1,025.8	861.2	19.1%
(Increase)/decrease in working capital	(183.3)	(316.8)	-42.1%
Corporate income tax (paid)/received	(173.0)	(111.9)	54.6%
Other operating cash flow	(39.0)	56.9	-168.5%
Operating cash flow	630.5	489.4	28.8%
Investment payments	(546.6)	(434.7)	25.7%
Divestment receipts	28.5	42.0	-32.1%
Other investing cash flows	158.9	8.0	N/A
Investing cash flow	(359.2)	(384.7)	-6.6%
Interest paid	(136.8)	(142.4)	-3.9%
(Payment)/receipt of financial liabilities	(97.4)	(851.2)	-88.6%
Other financing cash flow	(111.5)	912.5	-112.2%
Financing cash flow	(345.7)	(81.1)	N/A
Exchange differences, change in consolidation scope, etc.	26.8	4.3	N/A
Increase/(decrease) in cash and cash equivalents	(47.7)	2.9	N/A

2.1.6.1. Operating cash flow

The operating cash flow generated during the year amounted to €630.5 million, 28.8% more than in the previous year. This was due to the improved development of operating working capital, which reduced the application of funds down to €183.3 million in the period, 42.1% less than in the previous year, largely due to the slower rate of consumption of pre-payments on various contracts in advanced progress in the Construction area.

The heading Corporate income tax (paid)/received includes an outflow of €173 million, due partially to the payment of €92.1 million recorded to adjust the tax incentives applied by the Group in previous years, already commented on in the 1H2019 earnings report, compensated by close to €30 million the refund made by the tax authorities of outstanding fees for the most part of 2017, as well as a higher payment due to tax adjustments in various international companies.

Other operating cash flow includes an outflow of €39 million, mainly due to a greater provision application than in the previous year, especially in the Construction area.

2.1.6.2. Investing cash flow

The investing cash flow represents an outflow of €359.2 million, 6.6% less than that applied in the previous year. The payments for investments include various growth operations in the Water area, including most notably the acquisition of the SPIE group in France for €31.7 million and the investment in the Guaymas (Mexico) BOT for €16.9 million. In the Environment area, in Spain, €47 million invested in treatment plants, the main ones being those associated with the development of the CMR Loeches and the completion of the one in Guipúzcoa. In the international area, among the most significant investments are in the United Kingdom €43.1 million for the development of the Lostock plant, and €22.2 million for the commissioning of the Edinburgh plant. In the USA, €35.3 million for the Palm Beach contract in Florida and €7.3 million in the MRF plant in Houston. In the Transport Concession area, €58 million for the purchase of an additional 17% stake in the Cedinsa concession group.

In turn, proceeds from disposals fell to €28.5 million compared with €42 million the previous year, distributed between €8.2 million for Construction, €9.3 million for Environment and €11 million for Water.

The breakdown of net investments by business area, excluding other cash flows from investment activities, in terms of payments and receipts, is as follows:

(M€)	Dec. 19	Dec. 18	Chg. (M€)
Environment	(301.2)	(246.5)	(54.7)
Water	(124.5)	23.4	(147.9)
Construction	30.5	(4.0)	34.5
Cement	(8.3)	(6.7)	(1.6)
Corporate serv., etc. & adjustments	(114.6)	(188.9)	74.3
Net investments (Payments - Receipts)	(518.1)	(422.7)	(95.4)

Other investment flows include an inflow of €158.9 million at year-end compared to €8 million at the end of the previous year. In this increase, €52.8 million are due to the entry into global consolidation of two water concession companies in Algeria and France and a further €59.5 million corresponding to the concession group Cedinsa, and for the same reason. Additionally, there are smaller amounts in loans to third parties and investee companies.

2.1.6.3. Financing cash flow

The consolidated financing cash flow at the end of the year amounted to an outflow of €345.7 million compared to €81.1 million in the previous year. Interest payment includes an outflow of €136.8 million, similar to last year, of which €18.8 million correspond to default interest on taxes in connection with the tax assessment to recover State aid mentioned above.

The heading (Payment)/receipt of financial liabilities includes an application of €97.4 million in the year. The most significant item was the issue of two green bonds in the environmental area for €600 and €500 million, respectively, of which €1,020 million were used to repay the debt with its parent company FCC and the rest to repay in advance the entire debt of its parent company in the United Kingdom. FCC has earmarked the funds received for the early repayment of all its syndicated financing, which was signed in September 2018 and amounted to €1,200 million. There is also a commercial paper programme on the Irish Stock Exchange, with an outstanding balance at year-end of €300 million.

Other financing cash flows include most notably the payment of €55.6 million for the purchase of 49% of the minority shareholders in the water concession company Aquajerez, together with a further €44.1 million paid to the minority shareholders in the same area in the form of dividends. Another €9.6 million were paid to the FCC Group's parent company shareholders in connection with the distribution of a scrip dividend in the second quarter of the year.

2.1.6.4. Exchange differences, change in consolidation scope, etc.

This heading shows an increase of €22.5 million compared 2018, mainly due to the effect on cash flow of the changes in the euro exchange rate, concentrated mainly in the Construction area.

2.1.6.5. Variation in cash and cash equivalents

As a result of the performance of the different components of cash flow, the Group's cash position declined €47.7 million compared to the end of the previous year, down to €1,218.5 million at the end of the year.

2.1.7. Business Performance

2.1.7.1. Environment

The Environment area accounted for 48% of the Group's EBITDA in the year. A total of 80% of its activity involves the provision of waste collection, treatment and disposal services, as well as street cleaning. The remaining 20% corresponds to other types of urban environmental activities, such as garden upkeep or maintenance of sewage systems.

In Spain, urban waste management and street cleaning are the most important activities, while in the United Kingdom the focus is on urban waste treatment, recovery and disposal. In central Europe, mainly Austria and the Czech Republic, FCC is present throughout the waste management chain (collection, processing and disposal). FCC's activities in the USA include both the collection and end-to-end management of urban waste.

2.1.7.1.1. Results

(M€)	Dec. 19	Dec. 18	Chg. (%)
Revenues	2,915.2	2,822.4	3.3%
<i>Waste collection and street cleaning</i>	<i>1,379.7</i>	<i>1,316.5</i>	<i>4.8%</i>
<i>Waste treatment</i>	<i>960.1</i>	<i>930.4</i>	<i>3.2%</i>
<i>Other services</i>	<i>575.4</i>	<i>575.5</i>	<i>0.0%</i>
EBITDA	492.5	441.4	11.6%
<i>EBITDA Margin</i>	<i>16.9%</i>	<i>15.6%</i>	<i>1.3 p.p</i>
EBIT	258.5	225.1	14.8%
<i>EBIT Margin</i>	<i>8.9%</i>	<i>8.0%</i>	<i>0.9 p.p</i>

The revenues of the Environment area reached €2,915.2 million in the period, 3.3% more than the previous year, due to the positive performance of waste collection and treatment activities, mainly in Spain and Central Europe, due to the contribution of already existing contracts, new ones and those underway.

Revenue breakdown, by region			
(M€)	Dec. 19	Dec. 18	Chg. (%)
Spain	1,701.7	1,609.1	5.8%
United Kingdom	682.0	718.1	-5.0%
Central Europe	466.9	441.7	5.7%
USA and others	64.6	53.5	20.8%
Total	2,915.2	2,822.4	3.3%

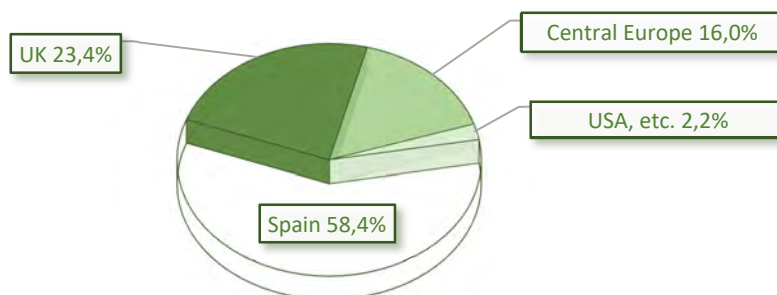
In Spain, revenues increased by 5.8% to €1,701.7 million, mainly due to the contribution of the performance of the new treatment plants at the CMR Loeches (Madrid) and the one in Guipúzcoa, together with the contribution of extensions and new services, such as the organic waste service in Madrid, Jerez de la Frontera and El Prat de Llobregat.

In the United Kingdom, revenue fell by 5% to €682 million due to a minor contribution from the construction phase of the recycling and waste-to-energy plant in Edinburgh, which is now operational, and the planned completion of a contract in the southern area.

In Central Europe, revenues grew by 5.7% to €466.9 million due to the higher volume of activity in Austria, Hungary and the recovery of business in Poland.

Finally, revenues in the US and other markets increased by 20.8%, mainly due to the commencement of new contracts in the country, such as those in Rowlett (Texas), Polk County (Florida), or the collection contract in Palm Beach (Florida), together with the entry into operation of the recycling plant in Houston. This offsets the non-activity in Egypt, where the contract ended in 2018.

Revenue breakdown, by region			
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Gross operating profit (EBITDA) increased by 11.6% to €492.5 million, due to the good performance of all activities and the positive development of some contracts, together with the reclassification of operating leases due to the change in accounting regulations. Operating margin rose to 16.9%.

Net operating profit (EBIT) increased by 14.8% over the previous year to €258.5 million, thanks to the evolution of different components mentioned in the EBITDA.

Backlog breakdown, by region			
(M€)	Dec. 19	Dec. 18	Chg. (%)
Spain	5,354.5	5,606.5	-4.5%
International	5,011.7	4,197.6	19.4%
Total	10,366.2	9,804.1	5.7%

At the end of the year, the area's backlog increased by 5.7% compared to the end of 2018, reaching €10,366.2 million, due to new contracts in the international area, mainly in the USA, such as the urban waste collection contract in Omaha (Nebraska) and those in Palm Beach and Volusia (Florida), which offset the decline in Spain due to the continuing preference for extensions over renewals, all in a context of low tender volumes.

2.1.7.1.2. Financial Debt

(M€)	Dec. 19	Dec. 18	Chg. (M€)
Net financial debt without recourse	1,332.2	361.8	970.4

Net financial debt, without recourse to the parent company, reached €1,332.2 million at the end of the financial year. The main balance corresponds to the issue of two (€600 and €500 million) green bonds by its new parent company in the fourth quarter of the year, following the process of segregation and financial ring-fence completed in the area in 2019; of the remaining balance, €253.1 million correspond to the activity in the United Kingdom, and €37.1 million to the activity in central Europe.

2.1.7.2. End-to-End Water Management

The Water area accounted for 27.5% of FCC Group Ebitda in the period. An 82.8% of its activity is focused on the public end-to-end concession management (capture, treatment and distribution); the remaining 17.2% corresponds to Technology and Networks, which is responsible for the design, engineering and equipment of water infrastructures, to a large extent related to the development of new concessions or ancillary works for operations.

In Spain the area serves more than 13 million inhabitants in more than 850 municipalities. In Central Europe it serves 1.3 million users, mainly in the Czech Republic, while in the rest of the continent it is present in Italy, Portugal and France, following the acquisition last June. In Latin America, the Middle East and Africa it is present through the design, equipment and operation of treatment plants. Overall, the area of Water provides supply and/or sanitation services to more than 23.6 million inhabitants.

2.1.7.2.1. Earnings

(M€)	Dec. 19	Dec. 18	Chg. (%)
Revenues	1,186.9	1,115.2	6.4%
<i>Concessions and services</i>	982.2	933.1	5.3%
<i>Technology and networks</i>	204.7	182.1	12.4%
EBITDA	281.7	247.5	13.8%
<i>EBITDA Margin</i>	23.7%	22.2%	1.5 p.p
EBIT	180.2	157.1	14.7%
<i>EBIT margin</i>	15.2%	14.1%	1.1 p.p

The area's revenues increased by 6.4% year-on-year to €1,186.9 million. The Concessions and Services activity reaches €982.28, mainly explained by the increase in contribution of the activity in Algeria (Mostaganem treatment plant) and the contribution of the business in France after the

acquisition of the company SPIE. Technology and Networks activity grew by 12.4% to €204.7 million, due to the good pace of project execution in Latin America.

Revenue breakdown, by region			
(M€)	Dec. 19	Dec. 18	Chg. (%)
Spain	804.4	797.7	0.8%
Middle East, Africa and Others	113.3	106.4	6.5%
Central Europe	111.7	108.1	3.3%
Latin America	86.3	46.9	84.0%
Rest of Europe (France, Portugal and Italy)	71.2	56.1	26.9%
Total	1,186.9	1,115.2	6.4%

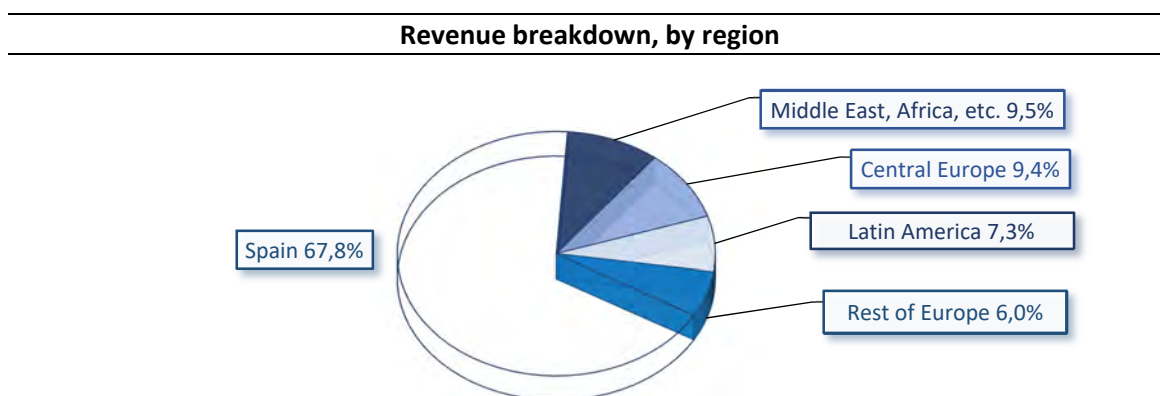
By region, revenues in Spain reached €804.4 million, due to an increase in the volumes invoiced in concessions, which offset less activity in Technology and Networks due to the investment plans related to concessions underway.

On the international front, in the Middle East, Africa and Others, revenues rose by 6.5% to €113.3 million, due to the, above mentioned, increase in contribution of Algeria, which offset the decrease in Technology and Networks activity, after the completion of the El-Alamein project, and which has not fully compensated the higher level of progress of the Abu Rawash wastewater treatment plant (both in Egypt).

Central Europe increased its revenues by 3.3% to €111.7 million, with a stable growth throughout the year focused on the concession activity in the Czech Republic, where the rise in rates compensated the decrease in the volume invoiced due to the drop in the volume of water invoiced. Technology and Networks activity has remained at similar levels of activity to those recorded in 2018.

In Latin America, turnover grew by 84% to €86.3 million, thanks to greater progress in the execution of projects such as Salitre (Colombia) and the BOT in Guaymas (Mexico).

In the Rest of Europe, revenues increased by 26.9% to €71.2 million. This is largely due to the integration in France of the Spie concession group, acquired last June.



The gross operating profit (EBITDA) increased by 13.8% over the previous year to €281.7 million. This increase is based both on the greater contribution of the concessions and services activity, in the different regions in which the area operates, and on the set of projects in Technology and Networks in the international area. Overall, the operating margin rose to 23.7%.

Backlog breakdown, by region

(M€)	Dec. 19	Dec. 18	Chg. (%)
Spain	7,813.1	8,078.8	-3.3%
International	7,205.2	6,572.6	9.6%
Total	15,018.3	14,651.4	2.5%

The backlog increased by 2.5% at year-end to €15,018.3 million. The international area grew by 9.6%, supported by the impact of the acquisition of SPIE in France or the contracts for the operation and maintenance of the "East Area" and "Island Area" sanitation system in Abu Dhabi. This largely compensated for the decline in Spain, due, among other things, to the delay in awarding some contracts.

2.1.7.2.2. Net Debt

(M€)	Dec. 19	Dec. 18	Chg. (M€)
Net financial debt without recourse	1,214.5	1,197.6	16.9

Net financial debt, which is entirely without recourse to the Group's parent company, amounted to €1,214.5 million at the end of the financial year, without major variations when compared to December of the previous year. Most of the balance of the debt corresponds to long-term bonds issued by the area's parent company, with a gross balance of €1,345.3 million.

2.1.7.3. Construction

The Construction area contributed 9.8% of the Group's EBITDA in the year. Its activity is focused on the design and construction of large civil, industrial and complex building works. The presence in public works such as railways, tunnels and bridges, account for the bulk of its activity.

(M€)	Dec. 19	Dec. 18	Chg. (%)
Revenues	1,719.3	1,655.1	3.9%
EBITDA	100.2	65.0	54.1%
<i>EBITDA Margin</i>	<i>5.8%</i>	<i>3.9%</i>	<i>1.9 p.p</i>
EBIT	77.3	49.6	55.8%
<i>EBIT margin</i>	<i>4.5%</i>	<i>3.0%</i>	<i>1.5 p.p</i>

The area's revenues increased by 3.9% in the period to €1,719.3 million, mainly due to the contribution of both new and existing projects, centred in the domestic market, with more moderate growth in the international area.

Revenue breakdown, by region

(M€)	Dec. 19	Dec. 18	Chg. (%)
Spain	665.3	609.2	9.2%
Middle East and Africa	401.5	444.3	-9.6%
Europe, USA, etc.	351.7	228.7	53.8%
Latin America	300.8	372.9	-19.3%
Total	1,719.3	1,655.1	3.9%

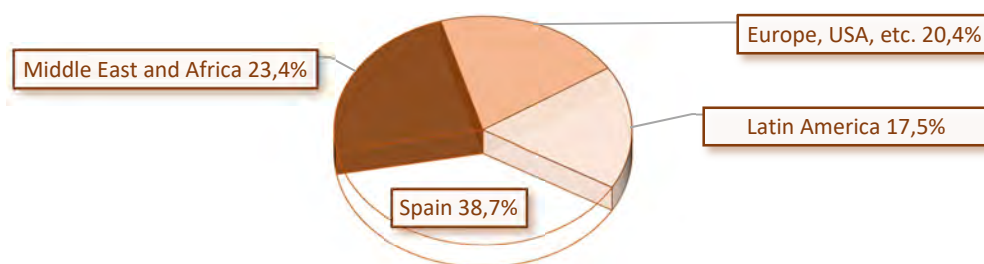
In Spain, revenues increased by 9.2% to €665.3 million, due to the contribution of new contracts such as the remodelling of the Real Madrid football stadium or the Loeches treatment complex, together with other minor civil works contracts.

In the Middle East and Africa, revenues decreased by 9.6%, where the positive contribution of the Riyadh metro installations contract could not offset other concluded ones such as the Doha metro contract.

In Europe, the United States and other markets, revenues increased by a remarkable 53.8% to €351.7 million, as a result of the good pace of execution of various railway lines in Romania, and the increased activity in projects initiated in EU countries such as the Haren complex in Belgium or the new educational facilities in Dublin, Ireland.

In Latin America, revenues fell 19.3% in the year to €300.8 million due to the completion of line 2 of the Panama metro, which has not yet been compensated for by other new early stage constructions.

Revenue breakdown, by region



The gross operating profit (EBITDA) increased by 54.1% compared the previous year, to €100.2 million, due to the improved evolution of projects in progress, mainly in the international area. Therefore, the margin increased by 1.9 p.p. in the period.

The net operating profit stands at €77.3 million, which represents a 55.8% increase over the previous year, reflecting the abovementioned evolution at the Ebitda level.

Backlog breakdown, by region

(M€)	Dec. 19	Dec. 18	Chg. (%)
Spain	2,010.3	1,075.8	86.9%
International	3,612.9	3,440.6	5.0%
Total	5,623.2	4,516.4	24.5%

The area's backlog grew by 24.5% at the end of the year to €5,623.2 million. Spain experienced outstanding growth of 86.9% due to new contracts such as the remodelling of the Real Madrid football stadium or the construction of the Insular Ring in Tenerife. The international area grew more moderately to €3,612.9 million, where the contribution of the contract for the construction of a section of the A9 motorway in Holland was noteworthy.

Backlog breakdown, by business segment			
(M€)	Dec. 19	Dec. 18	Chg. (%)
Civil engineering	3,991.6	3,218.0	24.0%
Building	1,251.6	888.6	40.9%
Industrial Projects	380.0	409.9	-7.3%
Total	5,623.2	4,516.4	24.5%

Civil engineering accounted for 71% of the total and is where the largest volume of contracts have been awarded during the year, mainly in the international area, with the A9 Netherlands motorway project mentioned previously.

2.1.7.4. Cement

The Cement area contributed 8.4% of the FCC Group's EBITDA this year. Its activity is carried out by the CPV Group, focused on the production of cement and derivatives, with 7 main factories in Spain and 1 in Tunisia, as well as a minority stake of 44.6% in Giant Cement, which operates another 2 factories on the east coast of the USA.

2.1.7.4.1. Results

(M€)	Dec. 19	Dec. 18	Chg. (%)
Revenues	413.2	372.8	10.8%
<i>Cement</i>	<i>374.5</i>	<i>341.3</i>	<i>9.7%</i>
<i>Other</i>	<i>38.7</i>	<i>31.5</i>	<i>22.8%</i>
EBITDA	86.4	70.9	21.8%
<i>EBITDA Margin</i>	<i>20.9%</i>	<i>19.0%</i>	<i>1.9 p.p</i>
EBIT	(20.0)	36.7	-154.5%
<i>EBIT margin</i>	<i>-4.8%</i>	<i>9.8%</i>	<i>-14.7 p.p</i>

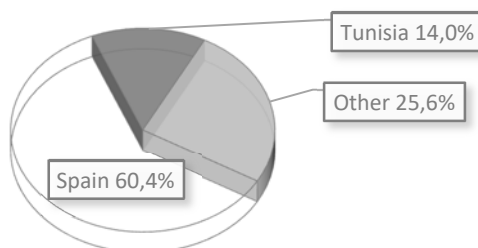
Revenues increased by 10.8% compared to the end of the previous year to €413.2 million, due both to the increase in volumes and prices in Spain and to the improvement in exports, also from Spain.

Revenue breakdown, by region			
(M€)	Dec. 19	Dec. 18	Chg. (%)
Spain	249.4	224.9	10.9%
Tunisia	57.9	56.4	2.7%
Other (exports)	105.9	91.5	15.7%
Total	413.2	372.8	10.8%

Revenues in Spain grew by 10.9% to €249.4 million, thanks to the sustained increase in volumes and prices, supported by the increase in demand in the construction market.

Revenues in the local market in Tunisia grew by 2.7% to €57.9 million in the year, where the increase in prices offset the decrease in volumes together with the effect of the depreciation of the Tunisian Dinar of 5.3% in the year (revenues increased by 3.8% in local currency terms). Furthermore, income from exports rose by 15.7%, due to an improvement in the shipments made from Spain, mainly to Europe (where those made to the United Kingdom and Denmark stand out) and to the USA, which offset the decrease in those made from Tunisia.

Revenue breakdown, by region



Gross operating profit increased by 21.8% to €86.4 million, explained by the improvement in activity already mentioned in Spain and the increase in prices in the Tunisian market. The sale of CO2 rights amounts to €5.8 million compared to €9.4 million in the prior year. Excluding the impact of the sale of rights in both periods, EBITDA increased by 31.1%.

In the last quarter of the year there was an impairment of €70 million in the value of the goodwill of certain assets to accommodate the forecast of a more moderate growth in future construction demand. Therefore, the net operating profit (EBIT) had a negative result of €20 million for the year. Without this exceptional adjustment, EBIT would have grown by 36.2%, in line with the performance obtained through the gross operating profit.

2.1.7.4.2. Net Debt

(M€)	Dec. 19	Dec. 18	Chg. (M€)
Net financial debt without recourse	293.0	337.9	(44.9)

Net financial debt, which is entirely without recourse to the Group's parent company, decreased by €44.9 million compared to the end of the previous year, to €293 million. Most of this reduction corresponds to the repayment of €46 million of the syndicated loan from the parent company of the business area, 25 million of which was voluntary and in advance.

2.2. Business performance. Environment

The information relating to the FCC Group's environmental policy is set out in greater detail in note 28 to the consolidated financial statements and in section 6 of the Non-Financial Information Statement.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance to the FCC Group of preserving the environment and using available resources responsibly, and in line with its vocation to serve through activities with a clear

environmental focus, the FCC Group promotes and enhances the following principles, on which its contribution to sustainable development is based, throughout the organisation:

- o Continuous improvement: Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the FCC Group's processes, products and services, and enhancing the positive impacts.
- o Monitoring and control: establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for the monitoring, evaluation, decision-making and communication of the FCC Group's environmental performance and compliance with the commitments undertaken.
- o Climate change and pollution prevention: to lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies. Preventing pollution and protecting the natural environment through the responsible management and consumption of natural resources and by minimising the impact of emissions, discharges and waste generated and managed by the FCC Group's activities.
- o Observation of the environment and innovation: To identify the risks and opportunities of activities in the face of the changing landscape of the environment in order, among other things, to promote innovation and the application of new technologies, as well as the generation of synergies between the various activities of the FCC Group.
- o Life cycle of products and services: enhancing environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.
- o The necessary participation of all parties: promote the knowledge and application of environmental principles among employees and other stakeholders. To share experience of the best practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

2.3. Business performance. Personnel

Details are attached of the FCC Group's staff at year-end, by business area:

AREAS	SPAIN	ABROAD	TOTAL	%s/Total	%Chg. 2018
Environment	32.691	7.316	40.007	69%	1.57%
Water Management	6.570	2.939	9.509	16%	16.85%
Construction	3.855	4.346	8.201	14%	-11.90%
Cement	806	277	1.083	2%	2.36%
Concessions	111	-	111	0%	N/A
Central Services and Others	332	71	403	1%	29.58%
TOTAL	44.365	14.949	59.314	102%	1.91%

3. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

In order to optimise its financial position, the FCC Group maintains a proactive liquidity management policy with daily cash monitoring and forecasts.

The FCC Group covers its liquidity needs through the cash flows generated by the businesses and through the financial agreements reached.

In order to improve the Group's liquidity position, active collection management is carried out with customers to ensure that they meet their payment commitments.

To ensure liquidity and meet all payment commitments arising from the business, the Group has cash flows as shown in the balance sheet (see note 16 to the consolidated financial statements) and detailed financing (see note 19 to the consolidated financial statements).

Note 29 to the consolidated financial statements sets forth the policy implemented by the FCC Group to manage liquidity risk and the factors mitigating said risk.

Capital resources

The Group manages its capital to ensure that its member companies will be able to continue as profitable and solvent businesses.

As part of its capital management operations, the Group obtains financing through a wide range of financial products.

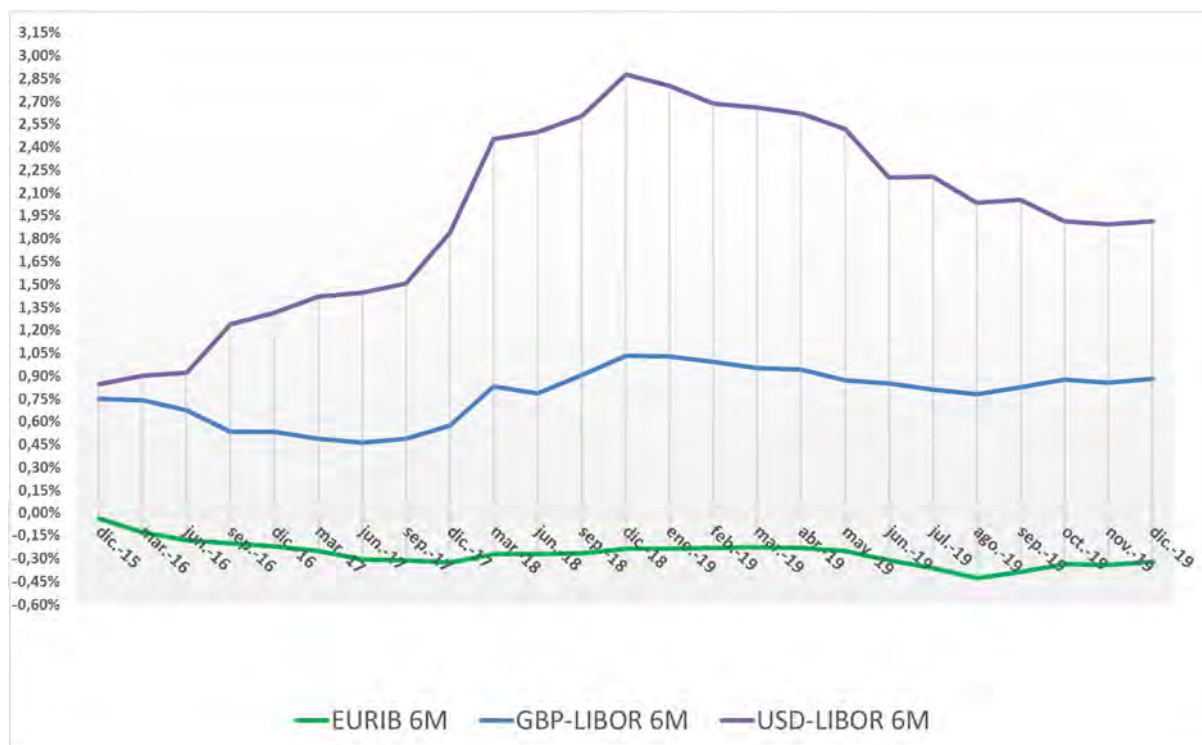
During 2019, FCC Servicios Medioambiente Holding, S.A.U. completed the issuance of two single bonds in the amount of 1,100 million euros, just as FCC Aqualia, S.A. did in 2017. The main use of these funds was the voluntary early repayment of all of FCC's syndicated financing, which was signed in September 2018 and amounted to 1,200 million euros.

Also, in November 2018 FCC, S.A. registered a promissory note programme amounting to 300 million euros, which was subsequently extended to 600 million euros in March 2019, and during 2019 new financing facilities were arranged in the form of credit facilities and bilateral loans (see Note 19 on non-current and current financial liabilities in the 2019 Report).

These operations have made it possible to complete the process of debt reduction and financial reorganisation initiated five years ago and to continue with the policy of diversifying financing sources; all this contributing to achieving a much more stable and efficient capital structure, with amounts, terms and financing costs suitable according to the nature of the different business areas.

In order to optimise the cost of capital resources, the FCC Group maintains an active policy of interest rate risk management, constantly monitoring the market and taking different positions depending mainly on the assets financed.

The development of interest rates in recent years is shown below.



This section is discussed in greater detail in note 29 to the consolidated financial statements.

4. MAJOR RISKS AND UNCERTAINTIES

4.1. Risk Management Policy and System

The FCC Group has a Risk Management Policy and System approved by the Board of Directors, designed to identify and evaluate potential risks that could affect the business and to establish mechanisms integrated into the organisation's processes to manage the risks within the accepted levels, providing the Board of Directors and management of the FCC Group with reasonable assurance that the objectives will be met. Its scope of application covers all the Group companies, as well as the investees in which FCC has effective control and the companies acquired, from the date on which the acquisition becomes effective.

It also covers FCC Group employees belonging to consortiums, joint ventures and partly state-owned companies.

The risk management activity at FCC is governed, among other principles, by the integration of the risk-opportunity vision and the assignment of responsibilities, which, together with the separation of functions, enable continuous monitoring and control of risks, consolidating a suitable control environment.

The activities included in the FCC Group's Risk Management Model include the assessment of risks, including tax risks, in terms of impact and probability of occurrence, giving rise to Risk Maps, and subsequently the establishment of prevention and control activities to mitigate the effect of such risks. In addition, this Model includes the establishment of reporting flows and communication mechanisms at different levels, which allow both decision-making and its review and continuous improvement.

The system covers the risk scenarios considered, which have been classified into four groups: Operational, Compliance, Strategic and Financial.

The risk management duties and responsibilities at the different levels of the organisation are detailed in section E on the Risk Management and Control System of the Annual Corporate Governance Report.

4.2. Major risks and uncertainties

The FCC Group operates worldwide and in different sectors and, therefore, its activities are subject to a variety of socio-economic environments and regulatory frameworks, as well as to different risks inherent to its operations and risks arising from the complexity of the projects in which it participates, which could affect the achievement of its objectives.

Details of the main strategic, operational and compliance risks that could affect the Group's activities, as well as a description of the systems used to manage and monitor them, can be found in section E of the Annual Corporate Governance Report, as well as in section 3.3. of the Non-Financial Information Statement.

With regard to financial risks, which are considered to be the changes in the financial instruments arranged by the FCC Group due to political, market and other factors, and their repercussions on the financial statements, the risk management philosophy is consistent with the business strategy, seeking maximum efficiency and solvency at all times. To this end, strict financial risk control and management criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred by the Group's operations, with the risk policy being correctly integrated into the Group's organisation. The financial risks to which the Group is exposed are discussed in greater detail in note 29 to the consolidated financial statements, in section E of the Annual Corporate Governance Report and in section 3.3. of the Non-Financial Information Statement.

In addition, the FCC Group is also subject to certain risks relating to environmental and social issues, the management of which is described in greater detail in sections 6 and 7 of the Non-Financial Information Statement.

5. ACQUISITION AND DISPOSAL OF OWN SHARES

At 31 December 2019, the FCC Group owned, directly and indirectly, a total of 1,250,837 shares of FCC S.A. (0.319% of the company's capital).

Transactions involving the acquisition and disposal of own shares during the year are detailed in note 17 to the consolidated financial statements.

6. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE YEAR

There have been no significant events between the end of the year and the date of preparation of these financial statements.

7. INFORMATION ON THE FORESEEABLE PERFORMANCE OF THE ENTITY

Set forth below are the prospects for the performance in 2020 of the FCC Group's main business areas.

In the area of **Environmental Services**, in the countries where it operates, the sector is undergoing a major process transformation, due to the environmental requirements of national governments, driven by European Directives and because it is undergoing a consolidation process, with an increase in focus and the entry of new competitors.

In Spain, moderate growth in activity is expected through the award of new contracts and the entry into operation of disposal facilities that were under construction. In general and once the new local governments emerging from the municipal elections are settled, no major changes are expected in the domestic market conditions.

In Portugal, the business opportunities related to environmental liability decontamination activities are noteworthy.

In the UK by 2020 (as industrial production indicators have already anticipated by the end of 2019) some slowdown in economic activity is expected mainly due to the uncertainties arising from Brexit, so the Bank of England is already prepared to relax monetary policy if necessary. In the environmental area, there is a belief that the UK will not move away from the objectives of the EU's circular economy, so no sudden changes are expected. It is possible that the export of RDF (refuse derived fuels) to Europe will continue to decline, which would create opportunities for the Group due to its degree of diversification in the production chain.

Moderate organic growth is expected in Central Europe. Austria is a mature and fully developed market while the other two most important countries, the Czech Republic and Slovakia, must gradually transform their business model, reducing volumes in landfills and increasing treatment and recycling activities in order to adapt to European Union directives. In principle, this process is more medium-term but, given that the obtaining of permits and the final construction of treatment plants or incinerators is long-term, various projects that could be started in the short term have already begun to be analysed.

As far as the USA is concerned, it represents a market with high development potential for a company with the know-how, experience and use of the most advanced and efficient technologies in providing quality environmental services, as FCC has.

In the area of **Integrated Water Management**, the expectations for 2020 are for an increase in sales and results, if we consider the new contracts already awarded, the maintenance of the high rates of renewal of contracts that Aqualia has historically recorded on expiry, and the expectations of maintaining water consumption after the recovery achieved in 2019 compared to 2018.

In Spain, the expectation of maintaining similar renewal rates in concessions in 2020 as in 2019 is noteworthy, above 90%, although not many opportunities for new contracts are expected due to the downturn of the market.

The Spanish state is paying a half-year fine to the EU of 15 million euros for insufficient water treatment in cities with more than 15,000 inhabitants, and an inspection process is underway in towns with more than 2,000 inhabitants, where non-fulfilment is 25% among the more than 2,000 existing municipalities. The new Government must find solutions to this deficit, via tariff systems through the creation of final, budgetary or concessionary fees. In some Autonomous Communities (Andalusia and Castilla la Mancha), BOT type concessional systems are being studied, but development is very slow.

In the international market the forecast is as follows:

- o Within Europe:
 - o In Portugal a reactivation of the concession business is expected after the legislative elections held in 2019 and based on the high budget deficit of the Municipalities and the need for infrastructure investment. Similarly, operation and maintenance contracts are expected to be promoted by the public companies belonging to Aguas de Portugal. The Administration will begin the search for solutions to the management of sludge from the sewage treatment plants in the country.
 - o In France new tenders are expected for the assignment of public services due to the termination of the contractual term for some of the existing contracts in the country. During this period the partial sale process for the fifth-largest French operator in population served will also be completed.
- o In North Africa and the Middle East seawater desalination and wastewater treatment activities continue to present business opportunities in countries where Aqualia is already implemented:
 - o In Algeria, the engineering works for the new Mostaganem EDAM sea water abstraction plant continued without incident throughout the year and were completed by mid-December, a substantial improvement on the planned deadline. In January 2020, the complete installation will start up with the new collection facility. The plant will then increase its capacity and be less subject to the influence of sea conditions.

With regard to the Mostaganem and Cap Djinet projects, in 2019 an agreement was reached for the reassignment of management and operational control functions with our partner for these projects, GS Inima, through which we were able to optimise the management and resources dedicated to supervising their progress and to distribute them more efficiently.

Regarding the execution of the project for the Abu Rawash wastewater treatment plant, throughout the year progress in the work on the plant was good, with the completion of construction engineering and most of the civil works for the project. In 2020, civil engineering works are expected to be completed and the electromechanical installations assembled.

- o In Saudi Arabia the process of modernisation and provision of the country's hydraulic infrastructures will continue, promoted by the Government in the Vision 2030 programme, by means of public-private collaboration. Progress has been made in the execution of diversion and adjustment works in the affected services on the Riyadh Metro, where Aqualia is continuing work on the diversion of services and provisional and definitive connections on Lines 5 and 6. These activities will continue in 2020.

With regard to new projects, in 2019 the company tendered on behalf of SWPC (Saudi Water Partnership Company) for three BOT projects for major desalination and wastewater treatment plants. These have been Yanbu 4 (desalination plant with a capacity of 450,000 m³/d), Jubail 3A (desalination plant with a capacity of 600,000 m³/d), and Taif (treatment plant with a capacity of 100,000). On the date of preparation of the report, we were waiting for the licensees to be announced. A bid on behalf of National Water Company for water management in the provinces of

Medina and Tabuk with 3.6 Million inhabitants has also been prepared. This contract will be awarded in 2020.

- o In Qatar, the Al Dhakhira wastewater treatment plant is expected to start operations by summer 2020, executed by Hyundai with a capacity of 55,000 m³/d and which will be operated by Aqualia MACE once it enters into service.
- o In the USA, during 2019 Aqualia has continued to strengthen its commercial analysis activity. Water scarcity, the obsolescence of the hydraulic infrastructures and the low penetration of private operators in the sector are the source of the main growth opportunities for the company in certain states.
- o As for Latin America, the lack of water infrastructures and the search for efficiency in the existing ones are two factors that strengthen Aqualia's growth possibilities:
 - o In Mexico the experience gained in the Aqueduct II and Realito BOT (Build, Operate, Transfer) contracts is being used to propose similar projects, where more demanding technical and financial capabilities give Aqualia a benchmark position. As a result of this strategy, Aqualia was awarded the BOT contract for the Guaymas desalination plant, which is currently under construction.
 - o In Colombia, construction of the El Salitre PTAR (Wastewater Treatment Plant) in Bogotá continues. The company pursues business opportunities for the management of comprehensive services in important municipalities in the country under municipal concession models after the award in December of the comprehensive management of the Municipality of Villa del Rosario for a period of 14 years. Opportunities are also being pursued for the design, construction and financing of hydraulic infrastructures for the purification of wastewater, as well as the search for new sources of drinking water supply in areas where this is required.
 - o In Panama, work began on the Arraiján WWTP engineering, construction and 10-year operation project that will treat waters for 130,000 inhabitants. The Company was also awarded an assistance and advisory contract for the operational and commercial management of the IDAAN (Institute of National Aqueducts and Sewers), a body that deals with the management of the country's water service. The contract was endorsed by the Comptroller General in last December.
 - o In Peru the preparation of the significant private initiatives declared in favour of Aqualia will continue (5 treatment plants and 1 desalination plant) and in the USA, there will be a presentation of the projects currently under study to their corresponding clients under the formula of "unsolicited proposals", for their evaluation and, if accepted, for subsequent execution.

In the **Construction** area, in the international market FCC focuses on countries and markets with a stable presence and on the execution of projects with guaranteed financing.

The search for contracts in the domestic and international markets is one of the Group's objectives, although this is done through demanding risk management that must provide access to a selective backlog of projects that ensure the company's profitability and cash flow generation.

Taking into account the above, it is estimated that in 2020, the turnover obtained in Spain will remain similar to that obtained in 2019.

In the foreign market, it is estimated that turnover in 2020 will be similar to that obtained in 2019, with the development of large infrastructure works obtained between 2017 and 2019 and the

contribution of markets in America (Central America, Chile, Peru, Colombia), the Middle East (Saudi Arabia) and Europe (the Netherlands, Ireland and Romania).

In the **Cement** area, in 2019 the Spanish economy will continue to grow faster than the surrounding economies, but at an increasingly slower rate.

According to the Association of National Construction Companies (Seopan), in 2019 public tenders have grown by 16.7% (mobile data for November), building approvals increased in 2019 by over 30% and investment in public works by around 9%. These growths are transferred to the consumption of cement, which will increase by 5.9% over the previous year, equivalent to 14.2 million tons, according to December 2019 estimates of the sector's employers, Oficemen. According to this same source, market growth in 2020 will be 2.6%. In 2019 the Cementos Portland Valderrivas Group's domestic sales exceeded 3 million tonnes and exports reached 1.5 million tonnes in the aggregate of cement and clinker.

In Tunisia, growth in the domestic market is not expected for 2020.

In this context, the Cementos Portland Valderrivas Group will continue to develop its cost containment and investment optimisation policies and to adapt all its organisational structures to the reality of the various markets in which it operates, with the aim of improving the generation of resources.

8. R+D+I ACTIVITIES

The FCC Group's R&D&I activities in 2019 have resulted in more than 40 projects.

These projects seek to respond to the challenges of each business area while maintaining overall coordination between the different business areas of the FCC Group.

The activities of the different Business Areas and the main projects developed throughout 2019 are detailed below.

SERVICES

In the environmental services activity, we have continued with the development of projects started in previous years, such as:

- **ADVANCED GLOBAL ENVIRONMENTAL PROCESS AND AGENT MANAGEMENT SOLUTION**
- **METHAMORPHOSIS.**
- **LIFE FILM.**
- **H2020 SCALABLE TECHNOLOGIES FOR BIO-URBAN WASTE RECOVERY (SCALIBUR).**

In addition, new ones have been launched during 2019, which are summarised below:

- **BICOMPARTMENTALISED AUXILIARY TROLLEY:** This is a new motorised street cleaning trolley with electric power, with two versions being built: One with a platform for transporting personnel and one without, both made of fibreglass-reinforced polyester resin.

- **INSECTUM:** It consists of the recovery of urban by-products and bio-waste by means of bio-conversion with insects, for the generation of innovative products in strategic sectors.
- **BICISENDAS:** The project seeks the integration of different technologies to create a modular and customised cycle lane according to the needs of each city. Sustainable, self-sufficient in terms of energy, intelligent, decontaminating, integrated and safe.

Environmentally sustainable materials to develop new structural materials, from industrial waste and by-products are sought. Two alternatives for the removal of hydrocarbons will be developed (one based on microorganisms and the other based on elastomeric absorbent materials).

COMPREHENSIVE WATER MANAGEMENT

Innovation activity in Aqualia focuses on achieving the United Nations Sustainable Development Goals (SDGs), with regard to a water and sanitation service with sufficient and affordable quality (SDG 6), improving its energy balance (SDG 7) and reducing the carbon footprint (SDG 13) through sustainable production and consumption (SDG 12). The activity of the Department of Innovation and Technology (DIT) is in line with European policies for the transition to a circular economy with a zero carbon footprint, for which it seeks the development of new smart management tools and new proposals for sustainable services.

The projects highlighted in 2019 are listed below:

- **LIFE MEMORY:** In a 50 m³ industrial reactor in Alcazar de San Juan (Ciudad Real), the project demonstrated the technical and economic feasibility of an innovative Anaerobic Membrane Bioreactor (AnMBR), that enables the direct conversion of the organic matter contained in wastewater into biogas and the production of disinfected recycled water rich in nutrients. The elimination of conventional primary and secondary stages allows a reduction in energy consumption and CO₂ emissions by up to 80%, the required space by 25% and sludge production by around 50%. This technology has been implemented in other projects, such as the WWTP for a small population in Terrassa, and the **METHAMORPHOSIS** and **RUN4LIFE** projects.
- **LIFE BIOSOL (BIOSOLAR WATER REUSE AND ENERGY RECOVERY):** the project led by the French SME Heliopur has demonstrated solar disinfection of reuse water combined with biological processes (algaculture) In addition to the first demonstration stage at the facilities of the CENTA Foundation (Seville), a larger scale facility has been built (3000 m² of cultivation) at the El Toyo treatment plant in Almería, where biomass recovery is also demonstrated.
- **H2020 INCOVER:** is a project led by the Aimen technology centre, with FCC Aqualia as the largest company in a consortium of 18 entities from seven different countries. The project seeks to evaluate the use of algae biomass in higher-value products such as bio-fertilisers and bio-plastics. The production of recycled water was also improved with several treatment options involving vegetable filters, solar disinfection and smart irrigation, implemented in the WWTP for Chiclana and Almería, also including biogas washing with algae for CO₂ adsorption.
- **ALL-GAS:** during the execution of the project, the world's first algae biofuel plant has been built and operated, with a capacity of up to 2,000 m³/day of tertiary treatment of municipal effluent, on an area of two hectares (ha) of algaculture. In addition to recycled water, it produces biomethane to power up to 20 vehicles/ha with a positive energy balance. The

biofuel powered three test vehicles that each travelled 70,000 km, with detailed regular analysis of wear and emissions. Together with other municipal service vehicles, a distance of 400,000 km was covered without mechanical incidents, making this a sustainable option for manufacturing autochthonous methane with a neutral carbon footprint.

- o **LIFE ANSWER:** This project, led by Mahou, installs microbial fuel cell technology (fluidised MFC - developed by FCC Aqualia together with the University of Alcalá de Henares in a previous project) in the consortium leader's brewery in Guadalajara. It has been shown that there have been energy savings in the process and in the recycling of residual aluminium from cans, by combining the process with a pre-treatment based on electrocoagulation. Recycling options with membranes were also implemented at the factory.
- o **LIFE METHAMORPHOSIS:** is a project entrusted to a consortium of six entities (Área Metropolitana de Barcelona, FCC SA, Naturgy, Icaen and Seat) and led by FCC Aqualia, which is completing the construction of two demonstration plants, the first in the Besós Ecopark, managed by the FCC Group. This plant integrates three technologies recently developed by FCC Aqualia (AnMBR, ELAN and the washing of biogas), to convert leachates from urban waste into biomethane. In the second plant, Naturgy is working on the conversion of slurry into biofuel. In both cases, biomethane is tested for injection into the natural gas grid and for use in cars.
- o **LIFE ICIRBUS (INNOVATIVE CIRCULAR BUSINESSES):** the project led by the Intromac technology centre, brings together eight companies to demonstrate the reuse of waste from wastewater treatment plants for building materials and the generation of biofertilisers at a plant managed by FCC Aqualia in the town of Lobón, in Extremadura.
- o **H2020 MIDES:** through a new technology, the Microbial Desalination Cell (MDC), developed between FCC Aqualia and IMDEA Agua, the energy cost of desalination is reduced by ten times compared to traditional reverse osmosis. Waste organic matter from effluents is used to activate bacteria that transport salts through membranes without external energy input. The project mobilises eleven partners from seven countries to implement the technology and set up three demonstration units. The Denia Water Service plant, managed by FCC Aqualia, is now up and running, and there is another planned implementation in the Canary Islands.
- o **SABANA,** led by the University of Almería, has FCC Aqualia as a main industrial partner, along with Westfalia (Germany) and the Italian food group Veronesi, in a consortium of 11 entities from 5 countries (including the Czech Republic and Hungary). The project optimises the production of new bio-fertilisers and bio-stimulants, and the selection of an Aqualia WWTP for the construction of a five-hectare bio-refinery that will enable alternative products to be obtained from microalgae, as an aquaculture model that is environmentally friendly and safer for the consumer.
- o **H2020 RUN4LIFE:** led by FCC Aqualia, it emerges from a consortium with fourteen partners from seven different countries. The project implements in four locations (Sneek/Holland, Ghent/Belgium, Helsingborg/Sweden and Vigo/Spain), new concepts of nutrient recovery from the separation of grey and black waters. The Sneek and Vigo facilities are already in service, the first with new depopulation with minimal water consumption, and the second with an AnMBR to produce bioenergy and water for irrigation. The project has encouraged dialogue with the users of new services and by-products to optimise of water and energy consumption through decentralised management of these systems and to assess the effect of new fertilisers.

- **RIS3 VALORASTUR:** This project is part of the RIS-3 programme of the Ministry of Employment, Industry and Tourism of the Principality of Asturias, and brings together FCC Aqualia with two large public companies and an SME, with the aim of achieving eco-efficient treatment in which energy consumption and waste production are reduced, while generating new resources.
- **ADVISOR:** Project co-financed by the CDTI and supported by the municipality of Guijuelo. It aims to jointly take in the waste from the meat industry in the area at the WWTP facilities.
- **BBI DEEP PURPLE:** project led by Aqualia has 13 other partners in the consortium. The project aims to implement on an industrial scale a new biological platform integrating purple and phototrophic bacteria (PPB). In the execution of the project, organic matter from wastewater and municipal waste are used, bio-refinery works are being developed to produce biofuels and to recover cellulose and plastics as new raw materials in the chemical and cosmetic industry. Aqualia's first trials were carried out in Toledo, and a second phase is planned in the Czech Republic.
- **BBI B-FERST:** project in which Aqualia is participating with the aim of developing and evaluating new bio-fertilisers from urban waste and water treatment by-products. Sludge from the Jerez WWTP is expected to be used to supply a fertiliser factory in Huelva.
- **LIFE INTEXT:** the project evaluates and adapts low cost purification technologies to minimise energy costs, carbon footprint and waste. The aim is to provide sustainable solutions for small populations from an ecological and economic point of view. The construction of a platform for the demonstration of these technologies is envisaged at the Talavera WWTP operated by Aqualia.
- **LIFE ULISES:** the project is developing options to transform a conventional WWTP into an "energy production factory", eliminating the carbon footprint. It is being implemented at the El Bobar WWTP in Almería, operated by Aqualia.

There are also two projects that do not involve pilot implementations and development of new processes, but are aimed at training personnel. The first one related to an industrial doctorate supported by the Generalitat de Catalunya, Virtual CSIC whose work has concluded with a doctoral thesis. And the second relating to the H2020 Marie Skłodowska Curie programme of doctorates in European networks, Rewatergy. Within the framework of this programme, two researchers were selected to carry out their doctoral studies at the Universities of Cambridge and Ulster, and then incorporate practical work into Aqualia during the second phase of the training.

In addition, in 2019, two new patents were granted. The first granted by the American patent office, concerning the Anaerobic Membrane Bioreactor. The second granted by the EPO, concerning the Bio-electrochemical Fluidised Bed.

CONSTRUCTION

FCC Construcción promotes an active policy of technological development, constantly bringing innovation to its projects, with a strong commitment to research and development, sustainability and contribution to the quality of life of society as competitive factors. This innovation policy is coordinated with all other business areas of the FCC Group.

The development and use of innovative technologies to carry out the works is an important contribution to added value and is a differentiating factor in today's highly competitive and internationalised market.

The three types of projects developed by FCC Construcción and its investee companies are: internal projects, projects with other companies in the FCC Group and projects in collaboration with other companies in the sector or other related sectors, often with technology-based SMEs, which enables open innovation projects to be carried out with the participation of the value chain and occasionally in horizontal cooperation. In addition, the presence of universities and technology centres is essential in almost all projects.

In addition, the presence of universities and technology centres is essential in almost all projects.

Some of the projects are carried out in a consortium formed with Public Administrations, as is the case of the European Project LIFE **ZERO IMPACT**, *Development and demonstration of an anti-bird strike tubular screen for High Speed Rail lines*, in which the Administrator of Railway Infrastructures (Adif) participates.

The projects highlighted in 2019 are listed below:

- o **CALA:** Challenges-Partnership project, the objective of which is to improve hydrological safety and increase the reservoir capacity of concrete dams by implementing side discharge collection channels. Calculation code, experimental validation and construction process. In which FCC Construcción and MATINSA participate.
- o **ROBIM:** project within the CIEN programme whose objective is autonomous robotics for the inspection and evaluation of existing buildings with BIM integration, with the development of an automated, active and multidisciplinary technology for the inspection, evaluation and diagnosis of the composition and state of conservation and energy efficiency of the enclosures of the building assets, which facilitates obtaining accurate and sufficiently detailed information on the construction systems and pathologies as well as an in-depth analysis of the building.
- o **CYRENE:** Project approved by CDTI (Centre for Industrial Technological Development) for MATINSA, the objective of which is the development of a new system for the comprehensive management of road tunnels that contains the control of all the facilities and implements optimised strategies of global management.
- o **PWDRON:** Project financed by CDTI (Centre for the Development of Industrial Technology), the objective of which is the development of a centralised system for the automated monitoring of the execution of infrastructures in linear civil engineering works, using drones with advanced technological features, as well as the development of a new technological platform for the exchange, processing and distribution of data in BIM.
- o **REFORM2:** project presented with the help of the Catalan Waste Agency and whose objective is the revaluation of by-product (of 0/6 porphyry, a by-product that originates from the generation of ballast and gravel) from quarry extraction through its incorporation into thermoset and thermoplastic matrices for different applications.
- o **BIMCHECK:** Innovation project approved by CDTI consisting of the implementation of a secure and automated technological management environment based on BIM and Blockchain for FCCCO's quality processes.
- o **BICI SENDAS:** project within the CIEN programme, the objective of which is the development of a sustainable, energy self-sufficient, intelligent, decontaminating, integrated and safe cycle lane.

- o **POTAMIDES:** MATINSA project and approved by CDTI whose objective is the development of a new technologically advanced universal tool that allows the decision-making in the comprehensive management of the hydraulic public domain at a hydrographic basin level, with the purpose of optimising the availability and quality of the resource guaranteeing the satisfaction of demands.
- o **PIELSEN:** belonging to the Challenges-Partnership programme, seeks to create a homeostatic 3D wrap-around architecture to create intelligent adaptive sensitive skin on Building Facades.
- o **SAFE:** project of the Challenges-Partnership programme, where the objective is the Development of an Autonomous System for Anchoring Structures in Maritime Construction Work. This intelligent system makes it possible to reduce dependence on human resources, minimise risk, maximise efficiency and increase the safety of field manoeuvres.
- o **STARPORTS:** project of the ININTERCONECTA programme (Canary Islands) of CDTI, which will develop a Distributed Wireless System for monitoring, prevention and action for Coastal Management. It consists of the development of an intelligent platform capable of providing detailed information on the state of any maritime infrastructure in real time. It is also intended to develop advanced sensor networks that can be integrated within the same infrastructure and allow significant and reliable data on the state of the infrastructure to be obtained.
- o **RESALTO:** project approved by CDTI with the aim of researching and developing sustainable road elements for speed reduction. Three main objectives are investigated; power generation, safety signalling and environmental connectivity.
- o **SAFETY 4D:** project financed by CDTI and the objective of which is to develop an advanced and high performance process for occupational hazard prevention in construction with the implementation of the BIM methodology.

FCC Construcción participates in many European and national R&D organisations that share the objective of coordinating the company's role as a driving force for research, development and technological innovation in the building area, in accordance with the proposals of the European Union's current H2020 programme.

CEMENTOS PORTLAND VALDERRIVAS

At the Cementos Portland Valderrivas Group (GCPV), our commitment to society translates into innovation in products, processes and technologies inherent in the materials we process and manufacture.

For years, the Group has been committed to reducing the use of materials with a high impact on natural resources, gradually replacing them with alternative fuels and secondary raw materials. This strategy allows us to reduce the depletion of scarce resources and mitigate climate change.

In 2019 Cementos Portland Valderrivas continued its collaboration in the European R&D project in which it is participating as a leading partner; the project is called **BIORECO2VER**.

This project aims to obtain alternative processes for the production, on a commercial scale, of certain chemical products in a more sustainable way from the capture of industrial CO₂ emissions. The ultimate goal is to use this industrial CO₂ as a raw material and stop depending on fossil resources for the manufacture of these products.

During 2019, GCPV has carried out the classification of the emission gases, capturing them on site and sending them to project partners for their subsequent treatment within the framework of the project.

9. OTHER RELEVANT INFORMATION. SHARE PERFORMANCE AND OTHER INFORMATION

9.1. Share performance

Attached is a table detailing the performance of FCC's shares during the year compared to the previous year.

	Jan – Dec 2019	Jan – Dec 2018
Closing price (€)	10.92	11.30
<i>Change in the period</i>	-3.36%	35.64%
High (€)	12.80	13.00
Low (€)	10.36	8.22
Average daily trading (shares)	46,163	85,640
Average daily trading (M€)	0.5	0.9
Market capitalisation at end of period (M€)	4,284	4,432
No. of shares outstanding	392,264,826	378,825,506

9.2. Dividends

The Company's Board of Directors resolved to execute the decision adopted by FCC's Shareholders' Meeting on 8 May 2019, under item five on the agenda, to distribute a flexible (scrip) dividend. The main details of this scrip dividend were as follows: the rights were traded on 14-28 May; the cash dividend of €0.40 gross per share was paid on 30 May to the shareholders who had requested it; the capital increase of 13,439,320 shares was registered with the Barcelona Mercantile Registry on 12 June, with the result that the company's capital was increased to 392,264,826 shares. More than 99% of the shareholders chose to receive new shares. This is the first time FCC Group is offering this kind of flexible dividend.

9.3. Own shares

At 31 December 2019, the FCC Group owned, directly and indirectly, a total of 1,250,837 shares of FCC S.A. (0.319% of the company's capital).

10. DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES ACCORDING TO ESMA REGULATIONS (2015/1415en)

EBITDA

We define EBITDA as earnings from continuing operations before tax, results of companies accounted for using the equity method, financial result, depreciation and amortisation charges, impairment, gains or losses on disposals of non-current assets, grants, net changes in provisions and other non-recurring revenues and expenses. The reconciliation of EBITDA to the income statement headings is as follows:

	Dec 2019	Dec 2018
Operating profit/(loss)	511.6	485.9
Amortisation of fixed assets and allocation of grants for non-financial and other assets	449.1	376.4
Impairment and profit/loss from disposals of fixed and non-current assets	59.8	(9.8)
Other gains/(losses)	5.3	8.7
EBITDA	1,025.8	861.2

EBIT

This corresponds to the operating profit in the consolidated income statement presented in the accompanying consolidated financial statements.

BACKLOG

The FCC Group uses backlog as an extra accounting measure in certain areas of our businesses. We calculate the backlog for our Environment, Water and Construction business areas because these businesses are characterised by medium- and long-term contracts. Because of its typically short-term purchase cycle, we do not calculate backlog for our Cement business area.

As at any given date, the backlog reflects pending production, that is, amounts under contracts or customer orders, net of taxes on production, less any amounts under those contracts or orders that have already been recognised as revenue. We value pending production according to the expected number of units at current prices as at the date of calculation. We include in backlog only amounts to which customers are obligated by a signed contract or firm order.

In the Environment area, we recognise the backlog for our waste management contracts only when the relevant contract grants us exclusivity in the geographical area where the plant, landfill or other facility is located.

In our Water business area, we calculate initial backlog on the basis of the same long-term volume estimates that serve as the basis for our contracts with customers and for the tariffs set in those contracts.

In our Construction business area, we recognise the backlog only when we have a signed contract with, or a firm order from, the end customer.

Once we have included a contract in our backlog, the value of pending production under that contract remains in backlog until fulfilled or cancelled. However, we do adjust the values of orders

in the backlog as needed to reflect price and schedule changes that are agreed with customers. For example, after the date of calculation, a price may increase or decrease as a result of changes in contractual production due to additional works to be performed. Due to a number of possible factors, we could fail to realise as revenue part or all of our calculated backlog with regard to a given contract or order. Our backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.

In the Real Estate area, the FCC Group calculates the backlog as the amount of the collection corresponding to the sales of homes pending completion at year-end.

NET FINANCIAL DEBT

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other current financial assets. The calculation of net debt is provided in note 29 to the consolidated financial statements.

VOLUNTARY TURNOVER RATE

Ratio of voluntary departures during the year to staff. Both voluntary departures and leaves of absence are considered to be low.

11. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report is available on the website of the National Securities Market Commission and on the issuer's website.

<https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=1&nif=A-28037224>

12. NON-FINANCIAL INFORMATION STATEMENT

FCC GROUP CONSOLIDATED NON- FINANCIAL INFORMATION STATUS 2019

(Proposal to the Board of Directors for approval
in session on February 27, 2020)



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1. ABOUT THIS REPORT

1.1 REGULATORY FRAMEWORK: LAW 11/2018 NON-FINANCIAL INFORMATION AND DIVERSITY

EU Directive 2014/95 of the European Parliament and Council of 22 October 2014, amending EU Directive 2013/34 regarding the disclosure of non-financial information and information on diversity by large companies and groups, aims to identify risks to improve sustainability and increase the confidence of investors, consumers and society in general.

The dissemination of non-financial information or that relating to corporate social responsibility contributes towards the measurement, monitoring and management of the performance of companies and their impact on society, and constitutes a common practice within the FCC Group.

This report includes all the material indicators for the FCC group requested in Law 11/2018, relating to environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as information relating to Group employees. Where any indicator is not material for the Group, this will be expressly mentioned.

For the identification of material matters, FCC has updated its materiality study for 2019, described in section 1.3 of this report.

Following the practice of previous business years, and with the aim of fully adapting to the requirements of the Law, Global Reporting Initiative (GRI) standards have been complied with.

In application of Law 11/2018 of 28 December which modifies the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on Accounts Auditing, in matters of non-financial information and diversity, the FCC Group includes a Statement of Non-Financial Information (EINF) in its Consolidated Management Report, corresponding to the business year from 1 January to 31 December 2019.

An independent assurance report that includes the objectives and scope of the process, as well as the review procedures used and their conclusions, is attached as an annex to this report.

1.2 SCOPE OF THE REPORT

The scope of the information provided in this report corresponds to the integration perimeter used for financial consolidation, taking into account the data for 100% of the subsidiaries over which management is controlled, regardless of the shareholding.

Below you will find details of the annotations to the scope of specific indicators. These may be due to the need to make estimates, as the necessary information was not available in February 2020 for closure; there are also exclusions to scope, for which the reasons are detailed:

- Cementos Portland Valderrivas: Environmental indicators do not take into account the activity of aggregates, concrete and mortar. Cement activity accounts for 86% of turnover for the entire Cementos Portland Valderrivas Group and corresponds to virtually all of the Group's environmental impact.
- FCC Construcción: Due to the unavailability of the 2019 environmental information for civil engineering work on the Riyadh metro and maintenance of the execution phase, the environmental data for the 2018 business year were taken into account. The environmental information for FCC Construcción includes FCC Industrial, Matinsa, Megaplas and Prefabricados Delta.
- FCC Medioambiente: In FCC Environment UK, total water consumption was estimated due to a lack of monitoring of the consumption of water supplied by the municipality. Also, due to the unavailability of updated information for 2019, the 2018 data on the net emissions of Greenhouse Gases from landfills were incorporated.
- Aqualia: The environmental information provided does not include any on those environmental issues that do not correspond to Aqualia's activity in the country. Nor is any information provided on the countries in which Aqualia is starting to operate but has not yet been incorporated into the reporting system. And the civil engineering work that represents approximately 15% of Aqualia's turnover is also not included. The data shown refer to the period between December 2018 and November 2019.

1.3 FCC GROUP MATERIALITY STUDY

In 2019, the previous materiality study was updated, with the aim of identifying the most significant social, environmental and economic issues for the FCC Group and its stakeholders.

This review is the result of the study of each of the business lines: Aqualia, FCC Environment, FCC Construcción and Cementos Portland Valderrivas, and it was undertaken in the following stages:

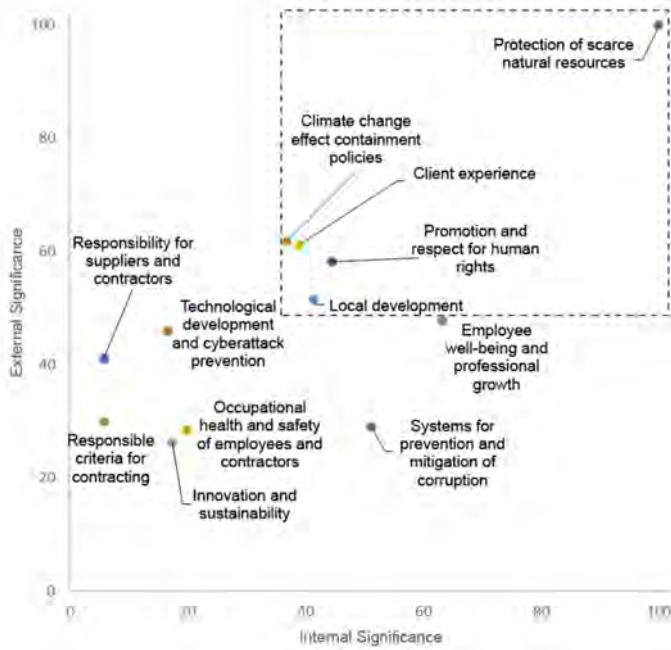
- **External assessment:** The external significance of environmental, social and governance issues was updated based on the results from the previous study. This assessment included an analysis for each of the business lines of information on competitors, the main industrial associations, the criteria evaluated in the Dow Jones Sustainability Index, press disputes, as well as material issues for the sector identified by SASB and GRI.
- **Internal assessment:** An assessment of the internal significance of each of the issues was undertaken by the main people responsible for each line of business.
- **Prioritisation and determination of material matters:** By adding the results for the previous stages, the material issues were established for each line of business, and the materiality matrices were designed, representing, on the ordinate axis, the importance given by the company's interest groups and, on the abscissa axis, the importance attributed by the representatives of each of the assessed business lines.

The materiality matrices for each of the FCC Group's business lines are represented below. Material issues, understood to be those that exceed the average score in both internal and external importance, are framed within the tables outlined for each matrix.

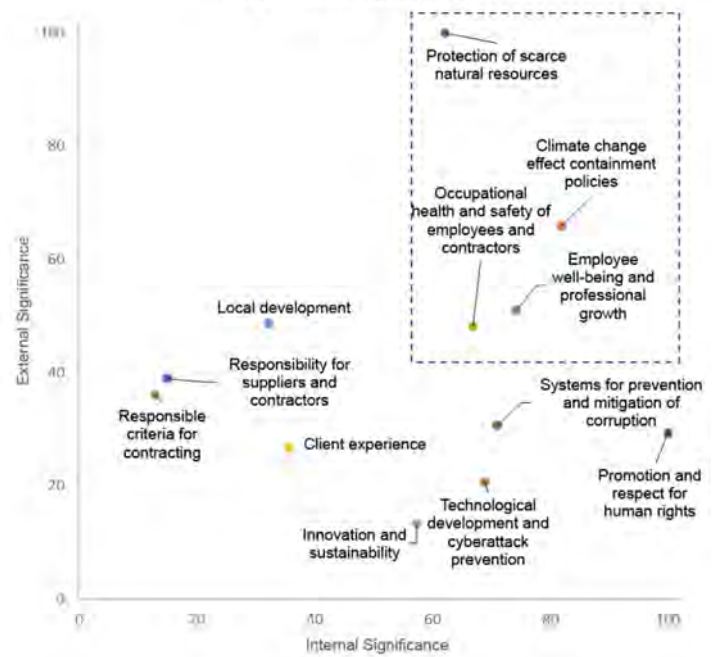
As can be seen, in all businesses the protection of scarce natural resources is one of the most significant issues both internally and externally. The well-being and professional development of the employee in all businesses is also especially important. Policies of an environmental nature to limit the effects of climate change and socially, and of a social nature concerning the occupational health of employees and contractors are two prominent issues both internally and externally for stakeholders.

Local development, client experience, promotion of respect for human rights and corruption prevention and mitigation systems are issues that are especially highlighted due to their importance internally.

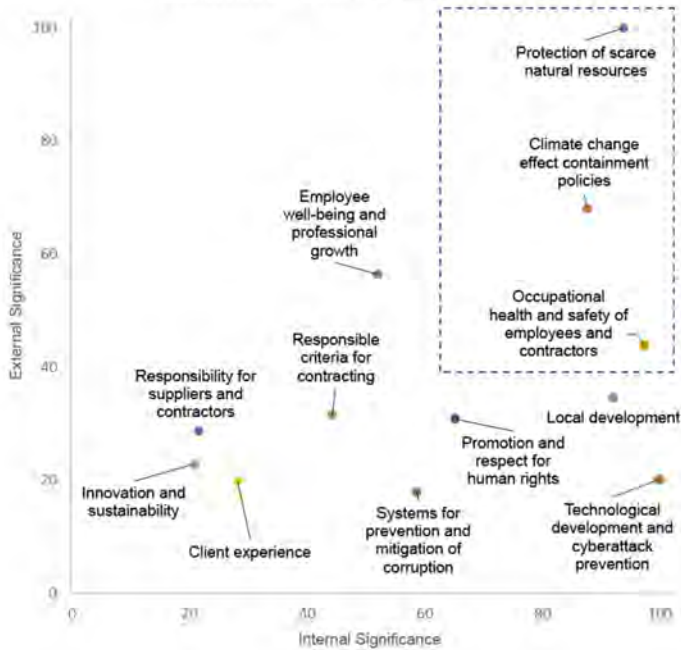
Aqualia



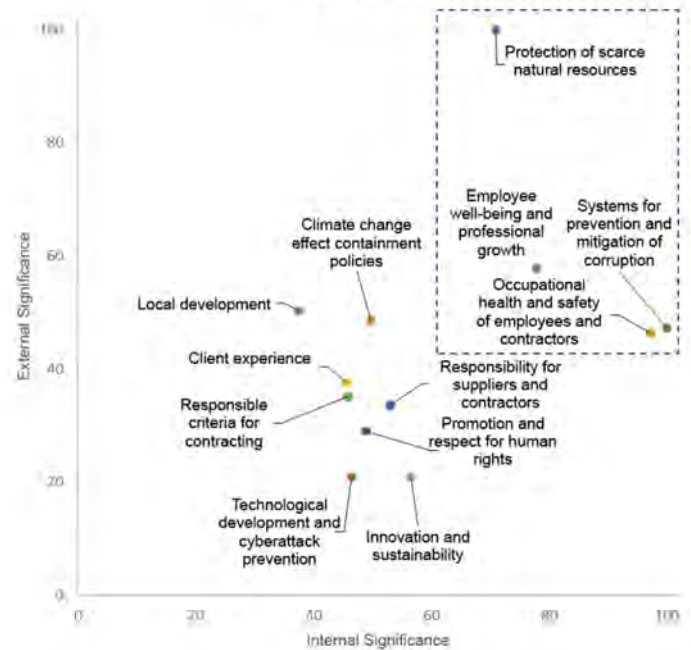
FCC Medio Ambiente



Cementos Portland Valderrivas



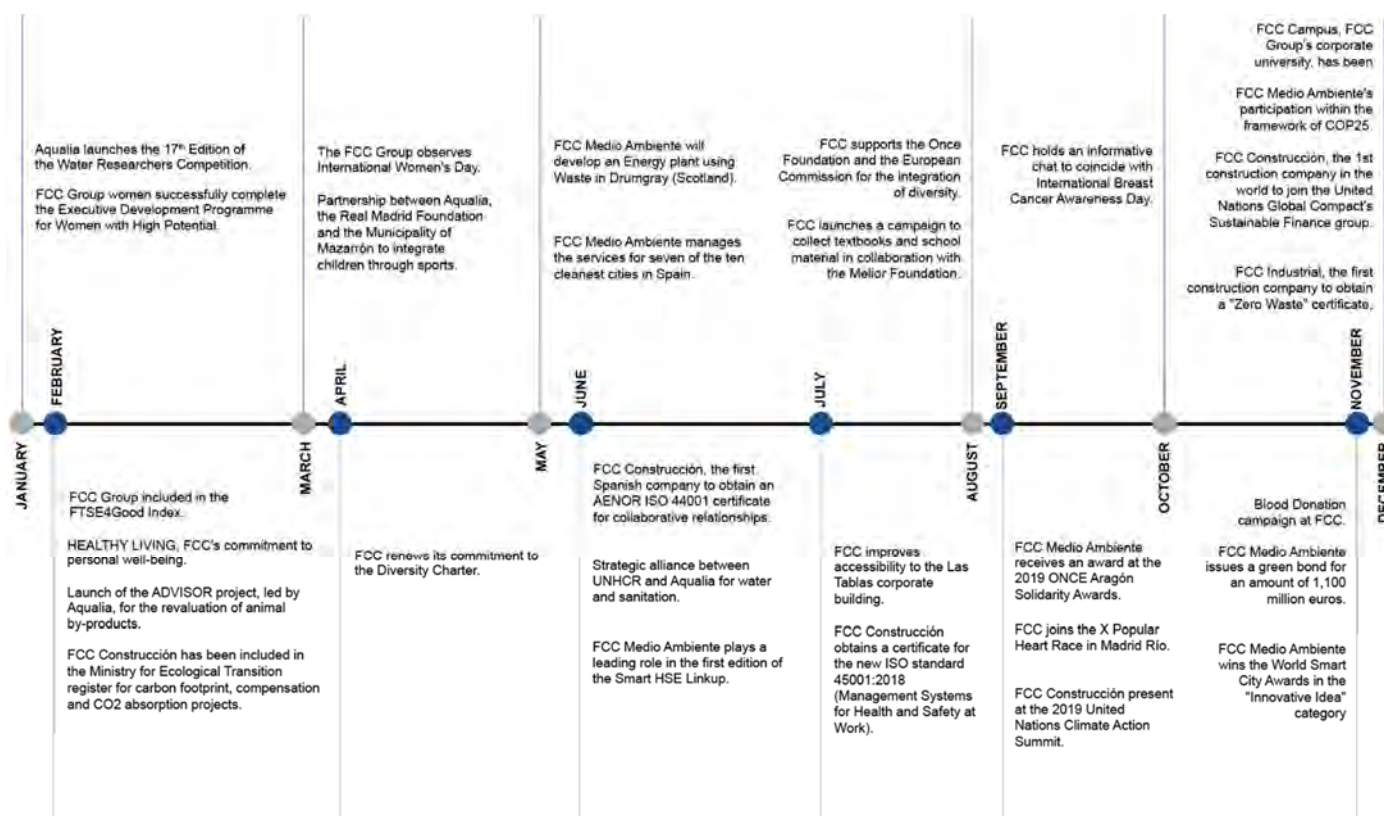
FCC Construcción



2. THE FCC GROUP AND ITS ENVIRONMENT

2.1 THE FCC GROUP IN 2019

During the 2019 business year, the Group played a leading role in a number of social, environmental and good governance and ASG (Environmental, social and governance) projects that contributed to improving people's quality of life and, in turn, promoted economic and sustainable growth in cities. These milestones strengthened FCC's commitment to its stakeholders and positioned the organisation as a socially responsible entity. The following are a series of social, environmental and good governance milestones reached by the Group during the last business year:



In line with the commitments acquired by the FCC Group in terms of transparency and accountability, the direct economic value generated and distributed by the Group is shown below, in accordance with the international Global Reporting Initiative (GRI) standard.

The following table shows the Group's contribution to economic and social development, the result of the work and coordination of the different activities that it undertakes in the different countries in which it operates.

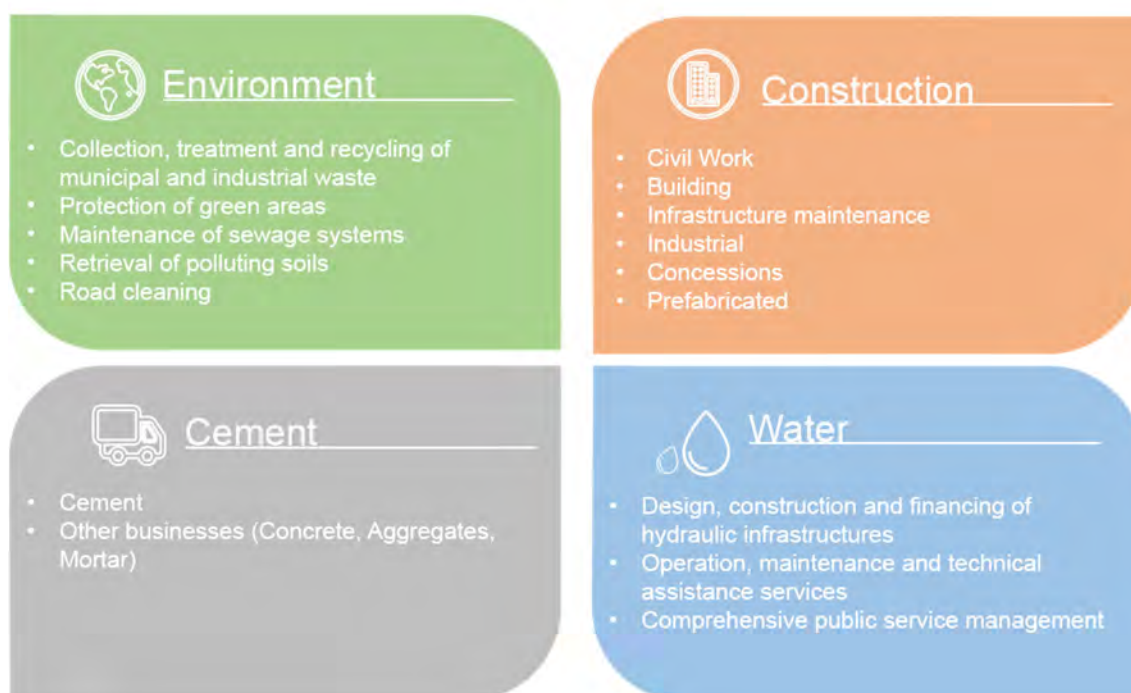
ECONOMIC VALUE GENERATED AND DISTRIBUTED (thousands of euros)

ECONOMIC VALUE GENERATED	6,541,625
Turnover	6,276,231
Miscellaneous income	265,394
ECONOMIC VALUE DISTRIBUTED	5,859,471
Operating costs	3,588,867
Employees	1,925,734
Capital providers	191,024
Taxes	149,066
Community	4,780
ECONOMIC VALUE WITHHELD	682,154

2.2 THE GROUP'S BUSINESS MODEL: CREATION OF SUSTAINABLE CITIES

The FCC Group is an international benchmark group, a provider of services to citizens that, since its inception, and because of the nature of its activity, contributes to improving people's quality of life, promotes the well-being of communities and fosters socio-economic development. The company currently has an international presence in almost 40 countries.

The following are the FCC Group's main activities:



The definition of FCC Group's vision enables us to establish a goal for future performance that defines its actions and gives the whole company a purpose. In this regard, all business lines share the same culture when undertaking their activities and, share a common project to contribute to the economic, social and environmental development of the communities in which they are present.

Thanks to its business strategy, the FCC Group is one of the main citizen services provider groups in the international arena. In accordance with its vision for the future, the FCC Group is working towards becoming an international benchmark for Citizen Services offering global, innovative

solutions for the efficient management of resources and the improvement of infrastructures, contributing to improving the quality of life of citizens and the sustainable progress of society as a whole.

Creation of sustainable cities

In order to achieve its Vision, and with the aim of responding to social, environmental and economic challenges, the FCC Group puts the design and efficient and sustainable management of its main services, comprehensive management of the water cycle, the construction of large infrastructures and the provision of environmental services at the service of society to improve people's well-being, making their Mission as a Group a social reality that contributes to the creation of sustainable and resilient cities.

The FCC business model, its different companies and the communities in which it operates are facing the great challenges presented by population growth, climate change, scarcity of natural resources and increasing inequality. In this context, FCC Group's Mission responds to all these challenges and fosters the development of cities, detecting opportunities linked to its business model and transforming the competitive environment.

With the aim of identifying and facing up to risks, taking advantage of opportunities in matters of sustainability and in response to the expectations of the different stakeholders, the FCC Group is committed to a strategy of Corporate Social Responsibility. This will enable it to position itself at the forefront in social, economic and environmental issues and provide strategically sustainable solutions in the long term, through specific programmes within the framework of the CSR 2020 Master Plan and the follow-up and evaluation of its objectives.

To maintain a unified and sustainable business model, FCC understands that it is essential to comply with the highest parameters of operational excellence with the application of its Code of Ethics and Conduct in all the countries in which it operates and in all the activities undertaken by the Group.

Transversal model of value creation

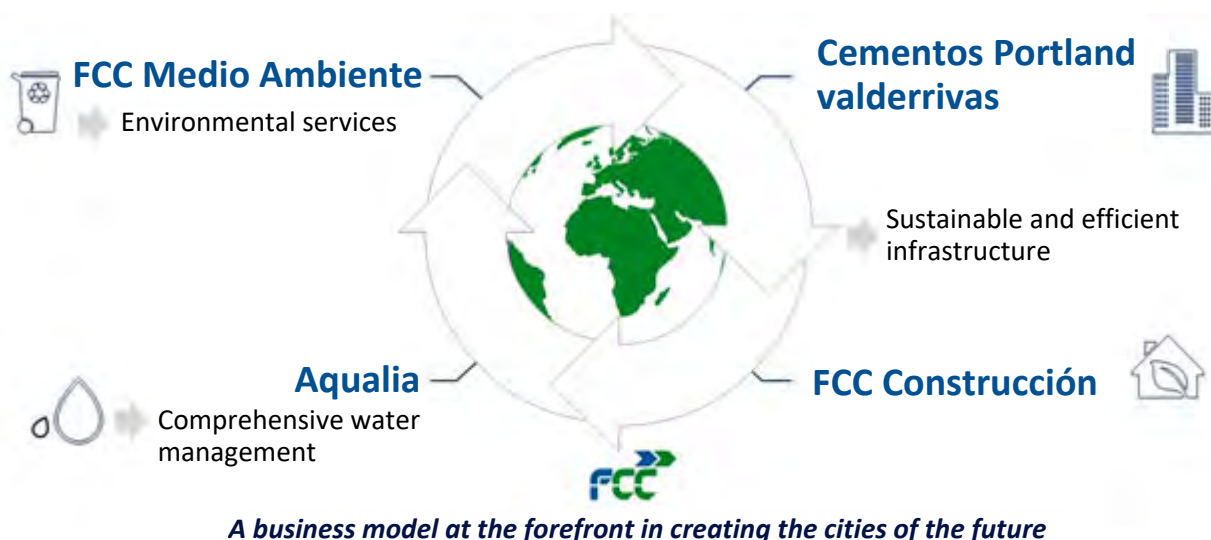
With the aim of contributing to the creation of sustainable cities and being at the forefront in the transition towards a new economic paradigm, the FCC Group is developing its own transversal model of value creation. This is a differential aspect with regard to the competitive environment. This model is transversal to each of the companies that make up the Group and is characterised by four key features:

- Behaving like an operator with a hundred years' experience in this business, with differentiated technical specialisation, capable of leading large consortiums in complex projects.
- Having a highly specialised and committed team of people, whose priorities include the protection of safety and health.
- Having local roots in the places where it undertakes its operations. This makes it an essential part of the communities in which it operates, allowing the development of trusting relationships.
- Having a solid international position with broad development prospects in markets with great opportunities.

The ambition of the FCC Group to contribute to the creation of sustainable cities for the future is a challenge that requires the cooperation and coordination of all its companies in order to be able to respond, not only to the impacts associated with climate change but also to the main challenges relating to social, economic and good governance issues.

The transversal model of value creation enables this cohesion to be fostered and the FCC Group to be positioned as an entity with a business model at the cutting edge in the creation of the cities of the future.

For the FCC Group, cities are the centre of the challenges that arise in the field of sustainability, so they are configured as the places to develop innovative solutions with a significant and rapid impact. The company makes a contribution by providing citizen services that are high quality, innovative and with high environmental standards.



FCC Medio Ambiente

The Environmental Services area of the FCC Group has been providing municipal services and comprehensive waste management for over a hundred years and serves almost 60 million people in nearly 5,000 municipalities.

The company operates in a total of 12 countries providing a variety of services that reflect its extensive experience in the sector, including: collection, processing, recycling, energy recovery and disposal of municipal solid waste; cleaning of public roads; maintenance of sewage networks; maintenance and protection of green areas; processing and disposal of industrial waste; and recovery of contaminated land.

FCC Environment is made up of 4 geographical divisions:

- Iberia: FCC Medio Ambiente Spain (Including the industrial waste business) and FCC Environment Portugal
- United Kingdom: FCC Environment UK
- Central and Eastern Europe: FCC Environment CEE
- United States: FCC Environmental Services (USA)

In the 2019 business year, the area's turnover grew by 3.29%, reaching 2,915.2 million euros, and Profit Before Tax increased to 201.0 million euros, representing an increase of 22.47% over 2018, an increase in the percentage of turnover from 5.8% to 6.9%. The contracting increased by 40.6% over the previous year to 3,032.3 million euros, making a portfolio volume of 10,366.2 million euros.

FCC Environment annually manages about 25 million tons of waste and produces about 3.5 million tons of secondary raw materials (MPS) and refuse-derived fuel (RDF). The company has over 700 waste management operations facilities, of which about 200 are environmental complexes dedicated to processing and recycling waste, including 11 waste energy recovery projects with a capacity of 3.2 million tons per year and 360 MW of non-fossil fuel electricity.

FCC Environment winner of the World Smart City awards in the "Innovative Idea" category

In November 2019, in this strategic line of action and within the framework of the Smart City Expo World Congress in Barcelona, FCC Environment presented the first industrial e-mobility platform for urban service vehicles.

The project, which focuses on the development of a 100% electric platform chassis, was developed by FCC Environment and the Irizar Group, and was subsidised by European funds under the CDTI CIEN programme of the Ministry of Economy and Competitiveness.



The strategic objective of this platform is to allow for easy implementation of affordable mobility in urban services that will provide significant environmental benefits, such as the total reduction of pollutants and noise. The aim is to reach a fleet of 30,000 heavy diesel vehicles, which could mean an annual reduction of the carbon footprint of almost one million equivalent tons of CO₂, and more than 9,000 GWh of energy consumption savings in Spanish cities.

Aqualia

Aqualia is the FCC Group company responsible for the comprehensive management of water that, by providing technical solutions and services throughout the cycle, contributes to its objective of improving the well-being of people in each of the communities in which it operates and promotes the preservation of society's most essential resource: water. Aqualia also undertakes infrastructure activity that accounts for approximately 15% of the company's turnover.

Aqualia has a presence in 18 countries and it is one of the most internationally important operators providing services in different geographical areas. In Spain, the company operates in over 700 municipalities, and outside Spain, it operates in international markets, with projects in Europe, Latin America, the Middle East and North Africa.

Aqualia has a total of 8,825 employees and its activities are guided by a common objective: For the growth of the company to maintain the criteria of profitability and to integrate all the capabilities of the value chain into the water cycle, from the design of the installations to the management of investment projects in water systems.

This strategic model was strengthened in 2018 with the incorporation of IFM Global Infrastructure Fund into the shareholding of FCC Aqualia S.A., with a minority share of 49%. In the 2019 business year, Aqualia had a turnover of €1,186.9 million, with an EBITDA of €281.7 million and a portfolio close to €15,018.3 million.

Corporate Social Responsibility is an essential part of Aqualia's business model and therefore of its daily operations, taking as a reference the United Nations Sustainable Development Goals. This approach by the company stems from its commitments in social and environmental issues and the aim is for these issues not to take second place when it comes to making business decisions.

Water treatment as a synonym for development and well-being in Colombia

The CEO - Managing Director of Aqualia, Félix Parra, spoke at the forum entitled "Water treatment and basic sanitation: a country's need", organised by the publishing group Semana in Bogotá (Colombia) where he stressed that "water really must be a state policy". During his speech, Felix Parra highlighted the importance of the Salitre WWTP (Waste Water Treatment Plant) project that Aqualia is completing in the Colombian capital for the decontamination of the Bogotá river, which will be an important step forward for the country regarding water quality and sanitation.



FCC Construcción

The FCC Group construction business has more than 120 years experience and it has a presence in a total of 20 countries. It is in fact a benchmark in the management and execution of civil-engineering and building works (residential and non-residential) and its activities cover all areas of engineering and construction.

It is currently the fourth most important construction company in Spain and is one of the top 40 in the world. It has proven experience in undertaking projects under concession and it has a group of companies dedicated to the industrial sector and grouped under the FCC Industrial brand, as well as other activities relating to the construction sector (Matinsa, Megaplas and Delta Prefabricados).

During the 2019 business year, FCC Construcción recorded a total aggregate attributable portfolio of 5,623.2 million euros. Gross earnings (EBITDA) reached 100.2 million euros and turnover increased by 3.9% over the previous year and stands at 1,719.3 million euros. In 2019 the portfolio of international projects increased by 5% and the income from domestic activity increased by 9.2% compared to the previous year, standing at over 665 million euros.

FCC Construcción, pioneers in obtaining ISO 44001 certification from AENOR for collaborative relationships

FCC Construcción was a pioneer in obtaining AENOR certification for the collaborative work relations management system in accordance with the UNE-ISO 44001 Standard, that features the implementation of the Collaborative Labour Relations Management System (SGRTC in Spanish). This applies to high-impact strategic relationships in the organisation's performance with clients, suppliers, internal and external collaborators and partners, identified and managed as part of a collaborative relationships programme.



ISO 44001 certification verifies the implementation of an effective and smart management system for collaborative work relationships that involves benefits including the increase of business opportunities, control in the transfer of the parties' knowledge, the ability to consolidate relationships with suppliers, clients and partners based on a *win-win* philosophy, cost optimisation and value creation, as well as the ability to strengthen competitiveness in order to access international markets.

Cementos Portland Valderrivas

The cement activity of the FCC Group is undertaken by Cementos Portland Valderrivas, SA and subsidiaries, whose business line is mainly the manufacture of cement, which accounted for more than 91% of total revenues in 2019. The remaining percentage for this business model (9%) involved concrete, aggregates and mortar.

In the last business year, taking the geographical diversification of the company into account, more than 27% of revenues came from Tunisia and the United Kingdom. However, the Group's international presence is not limited to these countries because it also exports to West and North Africa, the US, Central America and several countries in Europe.

The company's operating structure is based on the cycle for the cement business. The consists of the extraction of raw materials (aggregates), the process for manufacturing clinker, cement, concrete, dry mortar and special products, and final distribution.

Cementos Portland Valderrivas is the largest cement group in Spain by productive capacity and directly or indirectly owns production centres in a number of regions in the country: Cantabria, Basque Country, Navarra, La Rioja, Castile-León, Madrid, Aragon, Andalusia and Catalonia. Its products are distributed in all 17 Autonomous Regions.

2.3 THE FCC GROUP ENVIRONMENT

Growth of the FCC environment

As a global operator of citizen services, the FCC Group needs to understand the environment in which it carries out its business, as well as the trends that affect the way in which the company relates to its different stakeholders. With this in mind, the company studies and assesses the challenges it faces as a group with the aim of giving an effective response and meeting the different demographic, economic, social and environmental challenges.

In this regard, population growth and the displacement of millions of people to the main urban centres is having an impact on the growth and urban development of cities. It is estimated that investment in infrastructure will exceed three billion dollars annually in the coming decades. In fact by 2050, 80% of the world's population will be concentrated in cities, highlighting the need to propose innovative solutions to the challenge posed for the sustainability and maintenance of cities. The construction of smart buildings, risk management in the face of climate change and urban accessibility, are also issues that are already being worked on and that are becoming increasingly important.

Furthermore, urban communities are today the main centres of energy consumption, since 67% of global demand comes from primary energy, which implies a fairly high cost for transition to a low carbon economy. In this context, the International Energy Agency estimates that to reduce and limit the emission of GHG into the atmosphere, investment in renewable energy and energy efficiency will need to be in billions for a long period of time.

Also, the provision of these high-quality citizen services will required efficient administration in resource management and greater public-private collaboration. Governments, companies and citizens must work together to face the current challenge presented by urban planning in a context of digitalisation and with an increase in the empowerment of citizens in decision-making.

Meanwhile, the current climate crisis and, consequently, the scarcity of natural resources, are transforming a productive system that now requires new, more efficient and resilient business models that guarantee the preservation of the environment and mitigate the environmental impact. In this regard, with respect to water use and waste, it is estimated that if by 2030 no progress has been made in terms of efficiency, to meet the requirements for water resources worldwide there will need to be an increase of 40% in current capacity for supply.

Waste management also poses a major problem for the sustainability of future cities, given the increase in urban development. To meet this challenge waste will need to be the main source of energy and efficiency in its disposal increased.

Within the framework of its 2020 CSR Master Plan, the FCC Group made an analysis of the socio-economic context in which it undertakes its activity, taking the main global challenges into account, including those that affect its main stakeholders and that unquestionably have an impact on the business model.

Along these lines, with the application of the action principles included in the Code of Ethics and Conduct and by meeting client expectations, the FCC Group is contributing to the creation of social value, to progress and to the creation of the sustainable cities of the future. In this way, the company is guaranteeing a relationship of transparency with its stakeholders and innovating in the provision of services, in accordance with developments in trends and the emerging needs of the communities.

Within this context, the Group analysed the following trends and responds to each of them from a business model point of view:

Citizen empowerment

Digitalisation involves the structural modification of the relationships that an individual establishes with the surrounding environment, from consumption habits to the way of doing business. This transformation contributes to the empowerment of citizens and their greater involvement in decision-making which indirectly affects development in the cities where they live.

Citizens, as consumers of products and services, are increasingly demanding and expect more information and higher quality, mainly as a result of interconnectivity with their environment and the easy access they have to smart devices. The company has set up a comprehensive multichannel service to respond to client needs, that establishes its own real-time information follow-up systems and even participates in round tables to detect its stakeholders' possible expectations.

Solutions to global warming

Private companies play an essential role in the transition to a low carbon economy by fulfilling their objectives in the fight against climate change. The UN Climate Summit, held in Madrid, highlighted the difficulty of Governments to reach a consensus on climate action, however, a call was made to all countries to address global warming with more ambitious efforts and plans. The FCC Group, in line with its commitment to help mitigate the effects of global warming, has taken a number of initiatives such as the implementation of the ISO 50001 Standard for energy efficiency, a commitment to clean energy, the reduction of GHG emissions and the implementation of its own corporate Climate Change strategy.

Water stress, water as a scarce resource

The water stress and the existing pressures on demand are posing a challenge in the comprehensive management of this resource and it requires further technological development to improve use efficiency. Within this context, the digital transformation of the sector has led to great progress in the control and monitoring of water, while changing the relationship that companies currently have with their consumers. In order to guarantee that all people have access to water and with the aim of reducing water stress, the FCC Group is committed to continuous investment in R&D&I that will enable the detection of opportunities and the implementation of more efficient processes. It also has specialists in the management of the comprehensive water cycle and it is committed to energy recovery from wastewater.

Urban metabolism and circular economy

One of the global priorities in the 2030 Agenda is based on the efficient and responsible management of solid and urban waste and the re-use of water, through the circular economy, an economically and environmentally sustainable solution. The application of this model will help to reduce the impact of GHG emissions and enable job creation.

Those sectors whose activity focuses on the final stage of the product life cycle are becoming more important and more responsible, since they are the ones that will have to comply with EC Directive 2008/98, on waste management. To do this, FCC has put business lines specialising in waste and water management at the service of citizens, undertaken R+D+i projects aimed at extending the life cycle of resources, supported public initiatives through public-private collaboration to accelerate transition to the new model and done its best to promote awareness in its collaborators on environmental matters.

Inequality and social exclusion

Inequality, poverty and social exclusion are some of the great socio-economic challenges facing our era, accentuated by the economic crisis suffered by many, including the most vulnerable groups. With regard to this, the private sector needs to promote initiatives that contribute to alleviating the difficulties faced by people with disabilities and/or at risk of social exclusion as far as this is possible. The FCC Group's commitment to reducing social inequality can clearly be seen in its involvement in more than 300 social projects to which it contributes each year, and in the solidarity initiatives in which the Group's employees take part. The company is also committed to education and training to contribute to community development and to renewing agreements annually with the main NGOs promoting the social inclusion of disadvantaged groups.

3. GOOD GOVERNANCE IN THE FCC GROUP

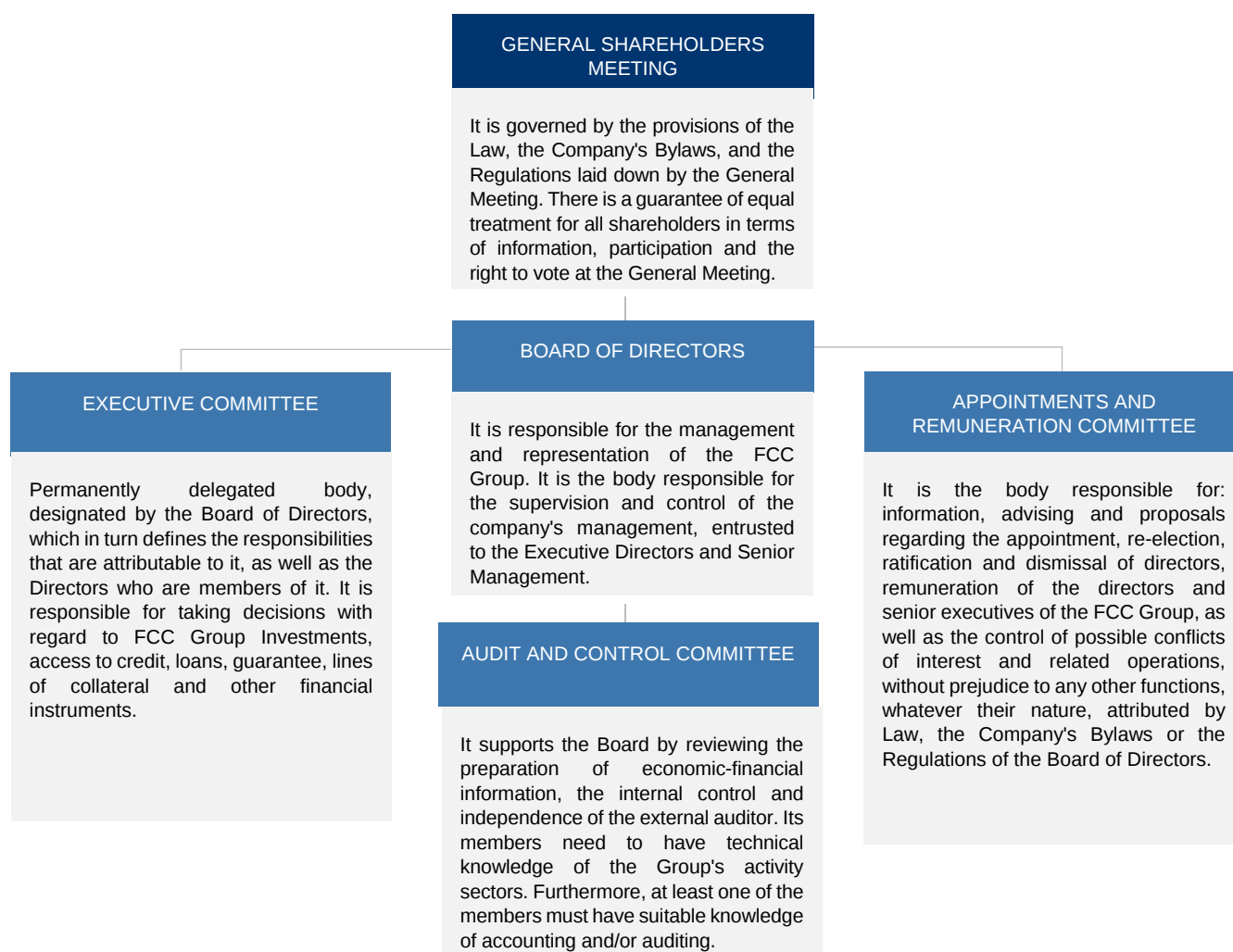
3.1 GOOD GOVERNANCE

The Spanish National Securities Market Commission (CNMV) includes in its "Code of good governance for listed companies (2015 version)", a series of recommendations that enable companies to act in accordance with the highest international standards of corporate governance. The FCC Group fully or partially complies with 84.5% of the recommendations. In this way, the Board of Directors of the FCC Group responds to the principles of representativeness in the structure and balance of its governance. Each year the Group prepares an "Annual Corporate Governance Report" and an "Annual Remuneration Report", following CNMV reporting guidelines.

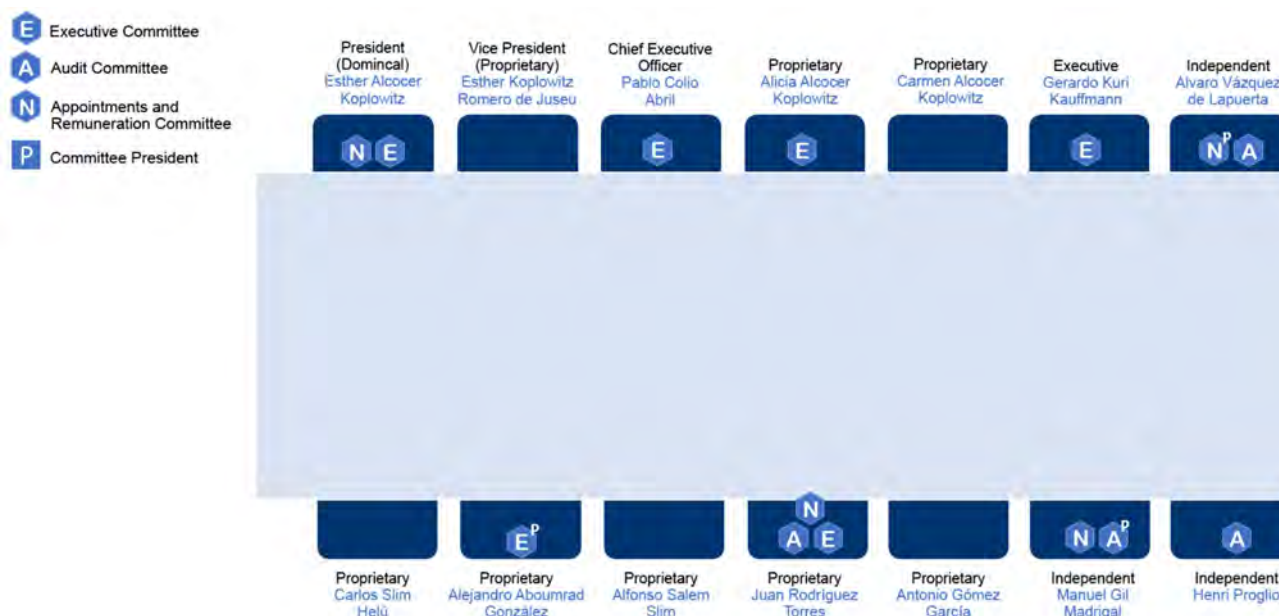
3.1.1 Governance Structure

The General Meeting of Shareholders is the Company's overriding decision-making body in matters for which it is responsible and that are specified in the Regulations for the General Meeting of Shareholders.

FCC has a Board of Directors which has overriding powers to manage, direct, administer and represent the company and to fulfil its corporate purpose, focusing its activity primarily on supervising the ordinary management of the Company entrusted to executive directors and senior management, as well as on the consideration of all matters that are of particular significance to the Group. For greater efficiency and transparency in the performance of their functions, the Board of Directors has three committees: The Executive Committee, the Audit and Control Committee and the Appointments and Remuneration Committee. The latter is responsible for submitting proposals for the appointment and re-election of independent directors to the Board.



Members of the Board of Directors and its Committees¹



3.1.2 Diversity in the Board of Directors

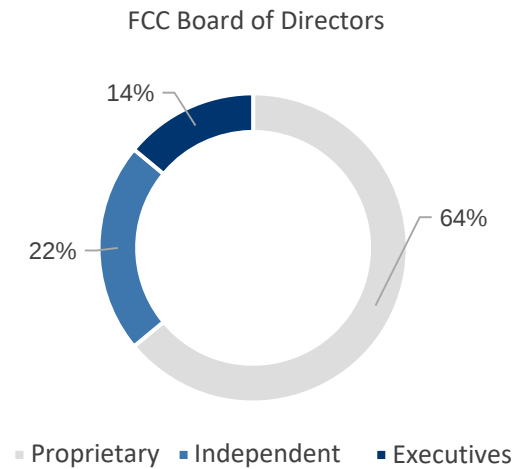
FCC guarantees equality for all its workers, from the workforce to the governing bodies.

The Board's Regulation establishes in art. 38.4.h, and in accordance with the duties of the Appointments and Remuneration Committee: "Assist the Board in its role of ensuring that the selection procedures of its members favour diversity of gender, experience and knowledge and do not suffer from implicit biases that may imply any discrimination and, in particular, that facilitate the selection of female Directors, so that the Company deliberately seeks and includes among the potential candidates, women who meet the intended professional profile, with the Board having to explain, where applicable, through the Annual Corporate Governance Report, the reason for the scant or non-existent number of female Directors and the initiatives taken to correct this situation".

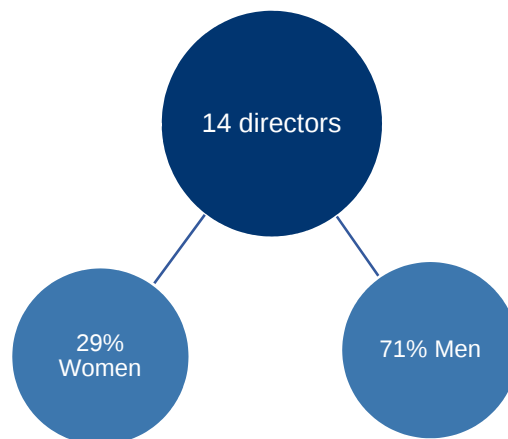
The percentage of female directors on the FCC Board of Directors at 31 December 2019 was 28.57 percent.

On the Board of Directors, 50% of the members are of Spanish nationality and the other 50% of other nationalities (Mexico and France). The following is a graphic representation of the composition of the Board:

¹ The table shows the members of the Board of Directors at the end of the business year. On 9 May 2019 Carlos M. Jarque Uribe resigned as a director for personal reasons.



Gender diversity on the Board of Directors



3.1.3 How it works

The Group's Board of Directors met a total of eight times in 2019, with an average attendance of 96.52%. This complies with the requirements of article 34.1 of the Regulations for the Board of Directors that stipulate that "The Board of Directors shall meet with the necessary frequency to effectively perform its duties, and in any case, at least once a quarter, and whenever the interest of FCC requires it, following the schedule of dates and issues established at the beginning of the business year".

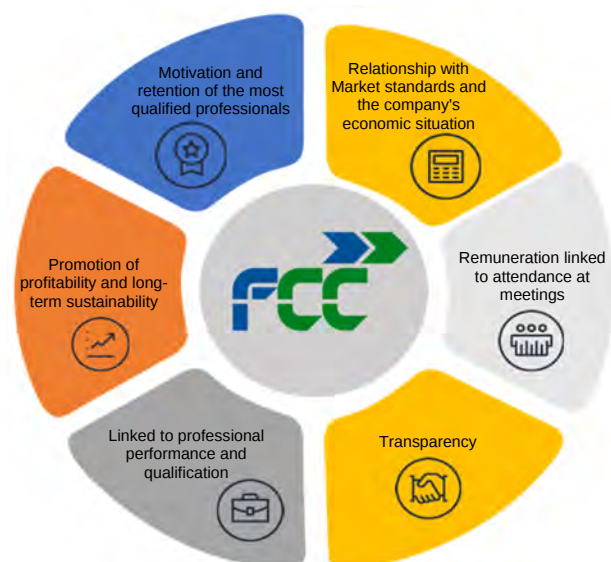
Article 31.2 of the Bylaws further dictates that "The Board of Directors shall meet at least once a quarter, and whenever agreed by the President, or whoever is acting as such, or when requested by the Executive Committee or at least one third of the members of the Board."

3.1.4 Remuneration of the Administrators

Article 28.2 of the Regulations of the Board of Directors stipulates that the remuneration of directors should be in reasonable proportion to the importance of the company, its economic situation at all times and the market standards for comparable companies. The aim of the established remuneration system is to promote the long-term profitability and sustainability of the company, and should include the necessary precautions to avoid excessive risk taking and reward for unfavourable results.

The General Meeting is responsible for agreeing the remuneration of the members of the Board based on their duties and responsibilities. There are also allowances for personal attendance at meetings of the Board and internal Committees that are convened during the year, as well as another variable amount for executive directors depending on compliance with social objectives.

The FCC Remuneration Policy, as well as the individualised remuneration accrued by directors during the 2019 business year are published in the Annual Remuneration Report, available on the FCC Group's corporate website.



3.2 COMPLIANCE AND DUE DILIGENCE

The FCC Group has a Compliance system to ensure that all Group companies and employees are governed according to certain ethical principles, established in the Code of Ethics and Conduct with a view to strengthening internal control so as to avoid committing any criminal offence.

The following actions were taken in order to establish an ethical and compliance culture in the company and to guarantee due diligence:

- An **organisational compliance structure** was designed, assigning responsibilities aimed at guaranteeing regulatory compliance within FCC.
- A regulatory body consisting of **policies, manuals and procedures** was approved.
- A **Compliance Committee** was created and **corporate and business Compliance Officers** were appointed to be responsible for overseeing the Compliance Model.
- A **criminal risk analysis** was conducted, identifying any crimes that may be committed within the organisation in the undertaking of its business activity.
- **Controls were identified to mitigate the risks** detected.
- A system was created for **biannual self-assessment** of the **effectiveness** of the Model by means of a software tool.
- A **review of the system in the annual work plan** for Internal Auditing was included.
- An **ethical channel to report possible non-compliance** was created.
- A series of **training and communication plans** were designed to raise awareness amongst FCC employees of the importance of regulatory compliance.

The Group's Code of Ethics and Conduct, the central element of the FCC Compliance Model, was reformulated in 2018 and updated to include some slight changes in September 2019.

The Code of Ethics and Conduct is binding on all Group employees, in all geographical areas where FCC operates.

PRINCIPLES FOR ACTION	Honesty and Respect
	➤ We respect the law and ethical values. ➤ Zero tolerance for bribery and corrupt practices. ➤ We fight against money laundering and financing terrorist activities. ➤ We protect free and fair competition and good business practices. ➤ We behave ethically on the stock market. ➤ We avoid any conflict of interest.
	Rigour and Professionalism
	➤ Rigorous control, reliability and transparency. ➤ We protect the Group's reputation and image. ➤ We use the company's resources and assets efficiently and safely. ➤ We protect the ownership and confidentiality of data and information.
	Loyalty and Commitment
	➤ Our clients are in the core of our business. ➤ Personal health and safety are paramount. ➤ We promote diversity and fair treatment. ➤ We are committed to our environment. ➤ We have a transparent relationship with the community. ➤ We extend our commitment to our business partners.

Regulatory body for the Compliance Model

- | | |
|--|---|
| ❖ Code of Ethics and Conduct | ❖ Anti-Corruption Policy |
| ❖ Criminal Offence Prevention Manual | ❖ Partner Relationship Policy |
| ❖ Compliance Committee Regulations | ❖ Agent Policy |
| ❖ Procedure for the Whistleblowing Channel | ❖ Gift Policy |
| ❖ Investigation and Response Procedure | ❖ Human Rights Policy |
| | ❖ Protocol for the Prevention and Eradication of Bullying |

To ensure that the Compliance Model functions correctly, FCC established a Compliance Committee, the Group's Criminal Prevention body that enjoys autonomous powers of initiative and control, and which is composed of:

- The Corporate Compliance Officer (president)
- The Legal Advice Department General Manager (voting member)
- The Human Resources Director (voting member)

The General Manager of the Internal Audit Department participates as a voting member in cases where his/her participation is required. Likewise, the Compliance Officers for each of the businesses (Aqualia, FCC Construcción, FCC Medio Ambiente and Cementos Portland Valderrivas) may attend Compliance Committee meetings as guests. The Compliance Committee answers directly to the Audit and Control Committee of the FCC Board of Directors, reporting regularly.

The main responsibilities of the Compliance Committee are:

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> • <i>Code of Ethics and Conduct</i> <p>The Committee is the main guarantor of the dissemination, knowledge and compliance with the principles and values established in the FCC Code of Ethics and Conduct, adapting it at all times to any new regulatory requirements and identified risks. It also promotes the approval of specific rules and procedures.</p> | <ul style="list-style-type: none"> • <i>Criminal Prevention Model</i> <p>The Committee is the governing body for the FCC Criminal Prevention Model, responsible for evaluation and supervision, as well as promoting its culture and compliance through dissemination and training programmes.</p> <p>The Model should be adapted to new regulations and to the update of the risks that affect it.</p> | <ul style="list-style-type: none"> • <i>Behaviours and investigations</i> <p>The Committee should designate the person responsible for leading the investigation of reports classified as high risk received via the Ethical Channel, coordinate the investigations, and suggest the final resolution or proposal for measures to the proper body.</p> |
|---|--|---|

Compliance Committee Meetings

To fulfil the tasks and responsibilities assigned to it in the Group's Compliance Model, the Compliance Committee held 12 ordinary monthly meetings in 2019.

Management of reports via the Ethical Channel

To ensure compliance with the Code of Ethics and Conduct and the rules arising from it, effective reporting mechanisms need to be established that enable workers and other related groups to present notifications when detecting potential breaches.

During the 2019 business year, a total of 83 notifications were received on the FCC Group's Ethical Channel, between the corporate intranet, e-mail and the P.O. Box, which were classified and managed in accordance with the approved Ethical Channel Procedure.

The number of notifications resolved as at 31 December 2019 was 71, representing 85.5% of the total notifications received.

Training and dissemination of the Compliance Model

The 2019 business year featured an outstanding effort in the dissemination and training chapter of the Compliance Model, both in Spain and internationally.

The communication plan was implemented by different means, on physical and electronic supports such as posters, brochures, the internal magazine, and communicated by e-mail and other media such as lifts, information *stands*, videos and tutorials, etc.

In addition to in-person training and workshops for certain levels of the organisational structure, and for those responsible for criminal prevention controls, in order to achieve a broader scope for training within the organisation and inclusion in the "*Welcome pack*", in 2019 the company developed an *on-line* course on the Code of Ethics and Conduct which they distributed throughout the whole organisation to those with access to the network in Spain, and certain international

subsidiaries. 5,712 employees completed the course in Spain, which represents a success rate of 97%. At an international level, this training had already been given in Portugal, Qatar, Saudi Arabia, Great Britain, Colombia, Ecuador, Mexico, Panama and the Netherlands by the end of 2019.

Self-assessment and review of the Compliance Model

During the 2019 business year, two (six-monthly) certifications of the Compliance Model were completed, through the Group's Compliance Tool, as well as the review of the design of 100 criminal prevention controls selected in the corporation and businesses.

These assessments subsequently led to the review and better adaptation of the matrices for crimes, risks, approved controls and new regulatory developments.

3.2.1 Due diligence with Human Rights

FCC expresses total rejection of child labour, forced labour and work in painful, extreme, subhuman or degrading conditions, guaranteeing freedom of association and collective bargaining, as well as the rights of ethnic minorities and indigenous peoples wherever the Group operates.

No type of activity may be proposed unless there is absolute respect for all Human Rights. This is why FCC acts accordingly within its area of influence and the legal framework of each country. In fact and in accordance with its commitment to respect for Human Rights, FCC acts within all the main international frameworks in this area: principles of the United Nations Global Compact, Universal Declaration of Human Rights Framework, Declaration of Children's Rights, a number of ILO conventions and other agreements with the International Federation of Construction and Wood Workers (BWINT).

The FCC Board of Directors approved the Group's Human Rights Policy

The FCC Group, through the Board of Directors, approved the Human Rights Policy in the 2019 business year.

Through this Policy, aligned with the Guiding Principles on Businesses and Human Rights, approved by the United Nations Human Rights Council (2011), and with the Global Compact to which FCC adhered in 2006, the Group declares its commitment to respect the human rights contained in the United Nations Universal Declaration of Human Rights, and those contained in the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work, as well as in the ILO's eight fundamental agreements. The FCC Group understands that human rights should be protected and guaranteed by all States, but feels that it is essential that the company itself, within its sphere of influence and in accordance with the legal framework for each country, should respect them and encourage compliance with them.

The FCC Group hereby expressly undertakes to comply with the following principles: on freedom of association and collective bargaining, decent and paid employment, forced labour and child labour, health and safety, data privacy and respect for communities.

The Board of Directors is responsible for the approval of the Group's Human Rights Policy and for monitoring its compliance. It is also responsible for overseeing the company's Corporate Social Responsibility Policy through the Executive Committee.

The Group's CSR 2020 Plan includes the *XHumanRights* programme that seeks to make a diagnosis of the impact of FCC activities on Human Rights, with the participation of the Corporate Responsibility, Human Resources, Purchasing and Internal Audit directorates.

After this initial diagnosis, due diligence should be exercised for the prevention, detection and eradication of violations, contemplating a formal declaration in the field of human rights, establishing the responsibility for its management, implementing training and awareness on the matter, and establishing mechanisms to identify, prevent and mitigate any potential negative consequences.

3.2.2 Due diligence with bribery and corruption

The FCC Group is committed to running its business in accordance with the highest ethical principles. With this in mind, it approved and implemented a Compliance Model consisting of internal policies, procedures and controls that are regularly reviewed and updated.

This Model is designed to ensure compliance with laws and regulations where the Group operates, and to warrant the trust of its clients, shareholders, employees and business partners. The Model extends beyond legal obligations in a series of matters on which FCC has strong convictions. The Model enables the prevention and detection of non-compliance risks, with special emphasis on those linked to criminal offences, as well as a reduction of their possible impacts.

The FCC group has a Code of Ethics and Conduct that forms the basis of its Compliance Model, and includes the FCC Group's commitment to the above mentioned, although for compliance a number policies have been approved in this regard. This is the case of the **Anti-Corruption Policy**, which includes the following principles:

- Compliance with legality and ethical values
- Zero tolerance of bribery and corruption
- Prevention of money laundering and transparent communication
- Transparent relationship with the community
- Conflicts of interest
- Surveillance and data property and confidentiality
- Rigorous control, reliability and transparency
- Extension of commitment to business partners
- Promotion of continuous training on ethics and compliance

During the 2019 business year, FCC approved two new policies regarding the fight against bribery and corruption:

- **Agent Policy** This established a series of general principles that should preside over the FCC Group's relationship with any agent or business developer, as well as the basic elements in the procedures for selecting, negotiating and controlling the activity of these operators, in order to guarantee their adherence to the FCC Group Code of Ethics and Conduct or the accreditation of a third-party compliance model in coordination with that of the FCC Group.
- **Gift Policy:** This establishes the principles relating to giving and receiving gifts and hospitality by the FCC Group, with the aim of guaranteeing that gifts are always received or given transparently and always avoiding any circumstance that could give rise to doubts about the impartiality, objectivity or legality of the behaviour of the FCC Group and its employees.

FCC applies due control in matters of anti-corruption, with zero tolerance of any type of non-compliance in this regard. Due control is also includes all the essential tools for prevention, detection and response with regard to the risk of committing a criminal offence. Special mention should go to the identification and prioritisation of risk behaviours, including those relating to bribery, corruption, influence peddling, fraud and money laundering. The prevention and

mitigation of these crimes is undertaken through specific controls and actions, this being a priority issue for the Group.

The possible crimes in this field that it is aimed to avoid with regard to the Group's activities include: bribes to public officials, bribes in the private sector, influence peddling and illegal financing of political parties. Each of these crimes has an associated risk that could materialise. The matrices of crimes, risks and controls contain the design of processes and controls for the observance of regulatory compliance. The identified processes are as follows:

- | | |
|---|---|
| • Administrative Management of Labour Relations | • Operations |
| • Business Development | • Management of powers of attorney |
| • Governance | • Occupational risk management |
| • Management of Purchasing | • Social Security Management |
| • Invoicing | • Management of Payments |
| • Training | • Employee selection |
| • Travel and representation expenses | • Administrative Management of Purchasing |
| • Management of expenses relating to sponsorship and donations. | • Environmental management |
| • Tax management | • Preparation of financial information |
| • Treasury Management | • Structural review |

Regarding the procedures related to the control of bribery and corruption, the following deserve special mention:

- Control applied to sponsorships and donations, through a request to be reviewed and approved by the Corporate Communication Department.
- The employee selection procedure based on a skills system to ensure transparency and equality in all selection processes.
- The annual training plan in matters of criminal prevention and anti-corruption.
- The approval of travel and representation expenses.
- The Purchasing Manual and the procedure for the communication and approval of the purchase required.
- The reconciliation of bank statements for the detection of outstanding or unreasonable movements.
- The management of the legal representatives for each company.
- The *Due Diligence* required prior to contracting certain partners and agents.

When it comes to preparing the risk and control matrix, and in particular the anti-corruption matrix, an analysis was made of exposure to the risk of criminal offences in operations in countries where the Group operates. This anti-corruption matrix has been implemented in Spain and in most of the geographical areas in the international arena.

3.2.3 Measures to fight money laundering

For the purpose of avoiding money-laundering crimes and during a period of assessment prior to the preparation of crime, risk and control matrixes, different risk events for the Group's activity were identified for which a series of controls have been envisaged whose purpose is to ensure regulatory compliance.

The risk events detected were the following: non-compliance in the review of control and identification procedures for clients indicated in the Law on the Prevention of Money Laundering (LPBC in Spanish), non-compliance with obligations regarding information collected in the application of the LPBC and the non-application of the established internal control measures for those subject to the LPBC.

The following procedures were established for the control of these risk events:

- The identification of the parties concerned in a real estate asset, in order to assess the operation's risk.
- Training employees on Money Laundering.
- Including a Money Laundering Prevention clause in real estate promotion marketing contracts.
- The review of contracts for sale of goods, lease and lease with option to purchase.
- A Money Laundering Prevention Manual.
- Creation of a body for the supervision and monitoring of money laundering preventive measures.
- The review of legal representatives for the revocation of powers for those who have left the company.
- The establishment of an internal advisory and reporting line.

3.2.4 Accountability and transparency

As part of its commitment to accountability with stakeholders, FCC hereby presents the after-tax profits and tax on profits paid by country in 2019 in those countries in which FCC has a presence:

Profits and taxes paid in 2019

Profits by country and tax paid on profits		
Group Countries	Pre-Tax Profit 2019 (thousands of €)	Tax paid 2019 on profit (thousands of €)
Germany (*)	-1,237.30	
Saudi Arabia	24,917.03	6,956.15
Algeria	17,486.04	5,065.07
Argentina (*)	-0.87	
Austria	6,860.00	353.78
Belgium	1,038.54	0.44
Bosnia and Herzegovina	-0.15	0.00
Brazil	-409.87	14.01
Bulgaria	13,580.23	115.63
Canada	-839.09	0.00
Chile	-2,672.34	0.00
Colombia	8,936.73	2,398.68
Costa Rica	1,308.56	0.00
Croatia (*)	-115.05	
Ecuador	1,164.01	94.61
Egypt	4,215.57	255.09
El Salvador	287.48	9.61
United Arab Emirates	2,691.59	0.00
Slovakia	4,145.00	1,275.39
Spain	321,880.29	151,511.32
United States	-22,689.41	2,748.34
Finland	-223.00	0.00
France (*)	1,770.73	
Greece	0.28	0.00
Guatemala	8,242.99	12.77
Haiti	-861.16	0.00
Honduras	1.94	0.00
Hungary	2,868.00	63.50
Ireland	-4,504.76	0.00
Italy	3,694.22	1,569.04
Latvia	-27.06	0.05
Luxembourg (*)	8,952.67	
Morocco	198.30	0.28
Mexico	32,267.33	2,356.37
Montenegro (*)	-156.84	
Nicaragua	72.80	175.32
Oman (*)	258.54	
Netherlands (*)	-2,214.97	
Panama	-22,522.10	16,918.17
Peru	5,180.66	732.60
Poland	-5,514.15	15.10
Portugal	5,683.30	1,540.84
Qatar	2,184.49	616.17
United Kingdom	27,281.56	1,038.20
Czech Republic	24,706.53	4,870.53
Dominican Republic (*)	705.12	
Romania	2,509.36	969.92
Serbia	-557.43	5.21

Sweden (*)	-442.08	
Tunisia	19,005.15	4,152.01
Uruguay	-117.00	9.50
TOTAL	488,990.41	205,843.69

(*) Countries that did not report any taxes. This was due to one or more of the following reasons: accumulated losses, negative results, negative tax bases from previous business years, profit was very small or Corporate Income Tax was not payable on profit in the country in question.

Public grants received

In 2019, the FCC Group received a total of 19,061 thousand euros in public subsidies:

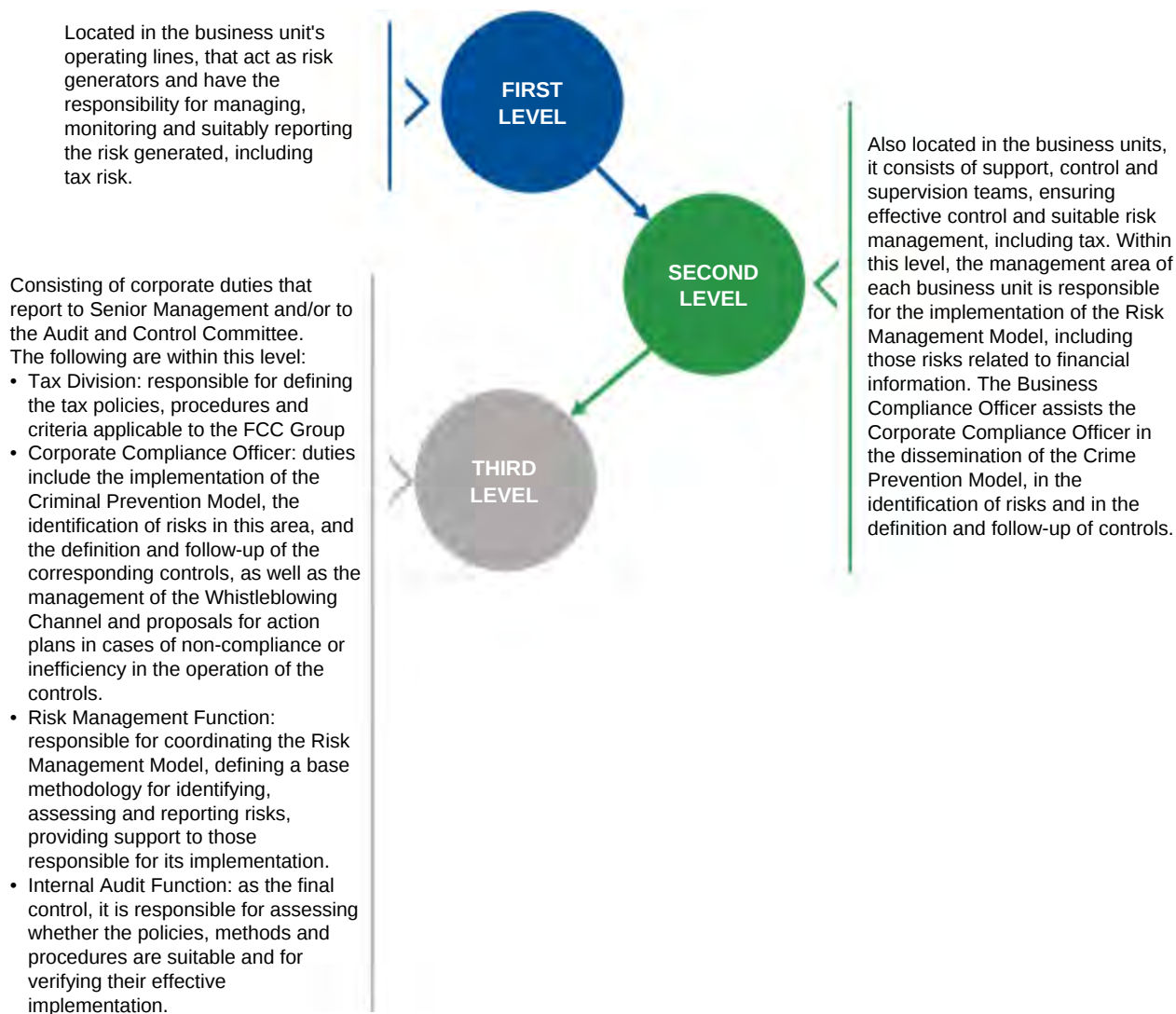
Public grants received

Areas	Public grants received 2018 (thousands of €)	Public grants received 2019 (thousands of €)
Construction	-	
Environmental Services	3,137	3,726
Water	11,397	10,725
Cement	135	-
Concessions	4,772	4,610
Real Estate	-	-
Central Services	-	-
TOTAL	19,441	19,061

3.3 RISK MANAGEMENT IN THE FCC GROUP

The FCC Group has a Risk Management Model that is designed to identify and assess the potential risks that could affect the Group's different units. Mechanisms have also been included in the organisation processes that enable risks to be managed and kept within acceptable levels, providing the Board of Directors and Senior Management with reasonable security with regard to the achievement of the main objectives defined. The Model is applied to all FCC Group companies, as well as to those affiliates where FCC has effective control, promoting the development of work frameworks that enable suitable risk control and management in those companies where effective control is not available.

The Risk Management Model is based on the integration of a risk-opportunity vision and the assignment of responsibilities that, together with the segregation of duties, enable the follow-up and control of risks, consolidating a suitable control environment. To achieve this, a three-tier system of risk management and internal control was established, the first two located in the business units and the third in the corporate areas:



The main risk scenarios can be grouped into four categories: operational, compliance, strategic and financial.

Operational Risks:

Termination or unilateral modification of a contract, contractual issues and legal disputes	Clients may unilaterally modify or terminate certain contracts before their complete execution. The compensation that the FCC Group would receive in these cases may not be sufficient to cover the damages caused and, in addition, the FCC Group may need to resort to legal or arbitration procedures to collect it, thus increasing costs and delaying the actual receipt of the compensation. Furthermore, different interpretations of contractual and regulatory requirements may lead to discrepancies that could have an impact on the outcome of the projects.
Project reprogramming	A situation of political and/or financial economic instability in certain markets in which the FCC Group operates, together with other circumstances outside FCC's control, such as the lack of availability of land for infrastructure projects, or a delay in obtaining licences could lead to the reprogramming of projects underway with an impact on their results.
Risks arising from links with third parties	The FCC Group could undertake its business activities jointly with public or private entities through different forms of association. Adverse circumstances in the project, or in a partner's economic or reputational situation, could lead to a situation that could adversely affect the FCC Group.
Uncertainty and volatility of raw materials, energy and subcontracted services	In the course of its activities, the FCC Group consumes considerable volumes of raw materials and energy, as well as working with a great number of subcontractors and suppliers. Changing economic, environmental and regulatory conditions could result in price fluctuations that would affect FCC Group's results.
Labour conflict	Some of FCC Group's activities are labour intensive, with considerable geographical diversity (each with their respective labour laws), that for different reasons could lead to conflicts that will would the company's productive capacity and reputation.
Loss of human capital	The success of the FCC Group's business operations depends largely on key personnel with technical and managerial experience, so a substantial loss of such personnel could affect the completion and results of certain projects.
Climate Change	Circumstances associated with climate change could affect a number of the infrastructures that the Group builds and operates and/or normal water supply, with an impact on business undertaken by FCC relating to the comprehensive management of water, and could also lead to an increase in operating costs as a result of policies for ecological transition that could be implemented in the future.
Catastrophic events	The complexity of certain environments in which the FCC Group operates increases the risk of unexpected events that cause damage to people, property or the environment, including natural disasters and acts of a terrorist or criminal nature.
Cyber attacks	The existence of threats of a cybernetic nature could affect tangible and intangible assets and lead to prolonged interruption, uncontrolled access and information and data leaks.
Health and safety risks	One of the FCC Group's priority objectives is to perform its activities with a high level of health and safety for all personnel, and to comply strictly with legal regulations in the field. Even so, occasionally, the FCC Group could be affected by incidents or accidents in its civil engineering works or installations, or in the provision of services that could cause damage and interfere with operations.
Environmental damage	FCC's environmental commitment is mirrored in the Group's Environmental Policy approved by the Board of Directors, as well as in the maintenance of environmental management systems implemented in projects and contracts audited and certified in accordance with the UNE-EN-ISO 14001 Standard. However, due to the nature of the Group's activities, there may be circumstances under which damage may occur in the form of spills, emissions, etc., that have an impact on projects and contracts.

Strategic Risks:

Political and socioeconomic changes in countries and/or regions	Changes in political or socioeconomic circumstances in countries/regions where the FCC Group operates or could operate could lead to increased economic, political and social instability, generating a negative impact on the FCC Group. Greater economic intervention by national/regional governments, the primacy of political criteria over technical criteria, changes in public models for the development and management of environmental services, the comprehensive water cycle and infrastructure, as well as possible regulatory changes in labour, environmental or fiscal issues, etc., could lead to a decrease in business opportunities or reductions in the profitability of projects.
Loss of market share	The FCC Group works in highly competitive markets. Possible difficulties in making competitive offers while maintaining profitability, as well as the incorporation of new competitors in mature markets, could lead to a loss of market share.
Cut in investment and demand forecasts	Changes in investment forecasts, both from private and public clients, can have a negative impact on the FCC Group. Furthermore, the revenues the FCC Business Areas for Environment, Water, Concessions and Real Estate are, to some extent, dependent on the level of demand, which is subject to change as a result of market conditions beyond the control of the FCC Group.
Damage to reputational image	The FCC Group may be involved in certain internal or external circumstances that could adversely affect its reputational image and consequently its business.

Compliance Risks

Regulatory or contractual non-compliance	The FCC Group's operations should respect all applicable regulations and these will vary from one jurisdiction to another and even from one municipality to another, as well as being subject to modifications. Under certain circumstances, there may be short-term non-compliance with regulations, especially in the phase of adaptation to new legislation that could be enacted. Also, in certain projects it may be difficult to comply with all contractual requirements.
Non-Compliance with the Code of Ethics	The FCC Group has a Code of Ethics and Conduct, a Manual for Criminal Prevention, and Anti-Corruption, Agent, Gifts, Human Rights and Partner Relationship Policies regarding compliance that have been approved by the Board of Directors, as well as a protocol for the prevention and eradication of bullying, all of which are binding on anyone linked to any company in the FCC Group. The high level body entrusted with promoting and supervising the Compliance Model is the Compliance Committee, chaired by the Corporate Compliance Officer. Nevertheless, in the course of operations and the management of relationships with clients, partners and suppliers, situations could arise that could lead to potential non-compliance with these regulations, resulting in legal, economic and reputational damages for the Group.

Financial Risks:

Liquidity risk	Liquidity risk is mainly attributed to accounts pending receipt of payment and so it is related to the Group's exposure to its clients' credit risk. The Group monitors the liquidity and financing lines for each of the companies to mitigate this risk.
Restricted access to financial markets	In specific circumstances, there may be difficulty in obtaining or renewing financing for certain projects due to the requirements or guarantees requested by the financiers, or the viability of the economic models that justify the reimbursement of the funds. All this could affect normal business, or result in the loss of business opportunities.
Impairment of the commercial fund	The FCC Group's commercial fund has a significant positive balance. FCC cannot guarantee that the Group will not incur losses/adjustments as a result of impairment of the commercial account or any other of the Group's material assets. If this should occur it could significantly affect the FCC Group's economic result.
Recoverability of deferred tax assets	At a consolidated level in the FCC Group there is a certain volume of deferred taxes, mostly corresponding to the Spanish tax group. Their recoverability could be affected by the cyclical nature of the Fiscal Group's profit, or by future changes in tax rates, especially corporate tax in Spain.

Fluctuation of exchange rates

The purpose of the Group's financial policy is to make sure that exposure of its debt is partially linked to variable interest rates. Any increase in interest rates could give rise to an increase in the FCC Groups's financial costs associated with borrowings at variable interest rates and could also increase the cost of refinancing the FCC Groups's borrowings and the issue of new debt.

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Once the risks have been identified and prioritised, it is expected to establish control mechanisms through the Risk and Control Matrices that will include key controls aimed at preventing and/or mitigating the risks and the definition of persons in charge of these control activities. For those risks that exceed the accepted level of risk or when non-compliances or inefficiencies are detected in the operation of the controls, specific Action Plans will be established taking into account their operational viability, their possible effects, as well as the cost-profit ratio of implementation. The supervision of the Risk Management Model will be undertaken by the Business Directorates with the support of the Risk Management function, while supervision of the Compliance Model is the responsibility of the Corporate Compliance Officer with the support of the Compliance Officer for the business.

As for risks materialising in the operational area, these usually affect a limited number of projects. This category includes the following:

- Project reprogramming
- Labour conflict
- Contract and legal disputes

For more information, see the FCC Group Annual Corporate Governance Report for 2019.

4. FCC GROUP CSR AND CORPORATE CULTURE STRATEGY

4.1 THE FCC GROUP'S MISSION AND VISION

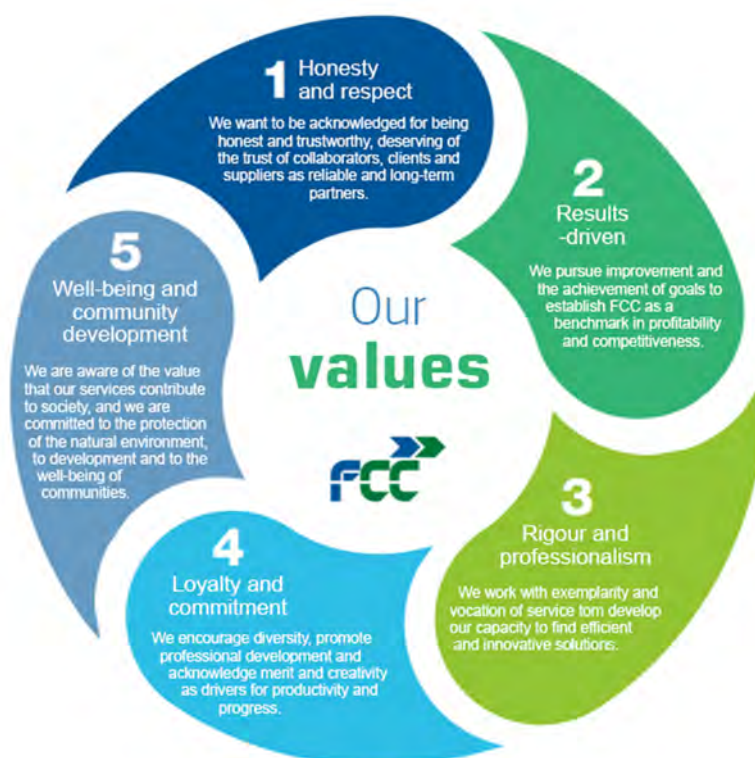
The FCC Group's mission as a supplier of Citizen Services is to efficiently and sustainably design, perform and manage environmental services, comprehensive water management and large infrastructure construction projects to improve the lives of citizens.

The FCC Group's Vision for the future is to work towards becoming an international benchmark for Citizen Services offering global, innovative solutions for the efficient management of resources and the improvement of infrastructures, contributing to improving the quality of life of citizens and the sustainable progress of society as a whole.

4.2 THE FCC GROUP'S VALUES, DISTINGUISHING FEATURE

The FCC Group is a company that covers a wide range of citizen services with involvement in the environmental, infrastructure and integral water management sectors aimed at making a contribution to the well-being of people and the sustainable and responsible transformation of cities.

But the Group's involvement in the development of the communities could not materialise without honesty, continuous improvement, rigour, commitment to quality of life and respect for the environment, values that are undoubtedly a distinguishing feature of FCC. The values that define the company are a reflection of the Group's ethical principles.



All Group companies share the same philosophy and corporate culture as this is transferred from Senior Management to employees and is the pillar on which the company works for each of its stakeholders, always in compliance with the strictest parameters for operational excellence and ethical principles.

In this regard, the Group's ethical principles guide and direct decision-making in each of the business lines and are applied transversally to all scenarios, ensuring the long-term sustainability of FCC.

The aim of the company's Code of Ethics and Conduct is to guarantee the responsible management of FCC with its various stakeholders and to ensure compliance and ethical behaviour. Other control tools, initiatives, due diligence procedures and certain social policies that meet the Group's principles are also implemented, guaranteeing effective management. The internal body responsible for ensuring compliance with these policies is the Corporate Governance System.

4.3 SUSTAINABILITY FOR THE FCC GROUP

For the FCC Group, the progress of its own business is just as important as social and economic progress in the cities where it operates. This means that the success of the Group is only possible if the well-being of people, respect for human rights and the care and preservation of the environment in the communities involved are guaranteed.

That is why for over 100 years, the FCC Group has been committed to the development and transformation of the cities in which it has operated, launching projects and initiatives in the field of corporate social responsibility and making the sustainability of its business model tangible.

With this in mind, in 2005 the Group's Board of Directors decided to voluntarily publish the first CSR and sustainability report to make its involvement with the well-being of people and the environment in which they live visible to and understood by the stakeholders, bringing its socially responsible actions to light. This initiative was copied throughout the entire company, with each of the Group's businesses regularly publishing CSR reports.

4.4 THE GROUP'S CSR POLICY

The commitment of the different companies within the Group regarding integrity and business ethics, respect for the environment and the contribution of value in the communities in which it operates, materialised on 28 July 2016, when the FCC Board of Directors approved the Corporate Social Responsibility policy (hereinafter CSR Policy).

The FCC Group Executive Committee is responsible for supervising the company's CSR Policy that responds to recommendations 53 and 54 of the Spanish National Securities Market Commission (CNMV) Code of Good Governance and is the framework in which its main strategic lines for commitment to sustainable development are established.

The framework for action regarding this policy covers all the markets in which FCC operates, as well as all the activities undertaken by each of its companies. In this regard, the CSR Policy is closely aligned with the Group's Code of Ethics, approved in February 2012, as it responds to a set of rules and principles that should guide the behaviour of all those who are part of the company.

The aim of the entire FCC team's activity and good work is to position the company as a benchmark for the sustainable development of the cities in which it provides citizen services. After more than 100 years with an established corporate culture and strong values that represent the Group, the different companies have forged a relationship of mutual benefit and trust with their stakeholders, contributing to the development of lasting and transparent relationships.

So, the following are the principles for action that serve as a guideline for the behaviour of the FCC Group:

Quality and innovation

In FCC all its collaborators strive to identify, satisfy and even anticipate the needs of their clients (internal and external).

We always try to find a way to improve and innovate and we are open to considering new ideas beyond what we know how to do comfortably. Furthermore, both the Group's actions and its decisions always take into account the consequences and implications for environment.

Integrity in its actions

The whole FCC team undertakes its activities in accordance with the legislation in force in each scenario or country in which the company operates and always respects the Code of Ethics. The FCC Group loyally fulfils its commitments and respects the rights and dignity of people, with zero toleration for discrimination based on ethnicity, religion or gender.

In FCC, the professional and personal development of employees is promoted and unethical practices are not tolerated either for personal benefit or that of the company. This means that the company remains loyal when confronted by personal interests, it maintains an attitude of political neutrality in all its activities, respecting free competition and managing contractors and suppliers impartially and objectively. They are also committed to respecting the environment, acting under the principles of precaution and efficiency in the use of natural resources and to biodiversity. Furthermore, the company always remembers that it provides a service and so acts responsibly in those communities affected by its activities.

Management efficiency

The company systematically seeks austerity and simplicity in everything it does, providing the services its clients really want and eliminating anything superfluous. The FCC Group tries to direct its work to facilitating the achievement of business and Group objectives while striving to obtain the best results with optimal use of resources and treasury.

The FCC Group also tries to protect and make better use of less measurable resources such as the FCC structure and management systems, knowledge and experience, the brand and the relationships that the company usually has with external interest groups (clients, suppliers, etc.).

Proximity and commitment

The FCC Group understands its social responsibility as a way of managing the company it aims to become, not only to create value for the shareholder, but to work together with the communities in which it undertakes its activity to favour well-being and development.

The company believes that the value of people and the human relationships they generate are an intrinsic part of the services they provide and the goods they produce. The fact is that the FCC Group is committed to the priority objective of achieving the well-being and professional development of all the people working in the Group. Because the company understands that, to be a leader, it should provide solutions capable of transforming urban communities into smarter, more inclusive and cleaner environments.

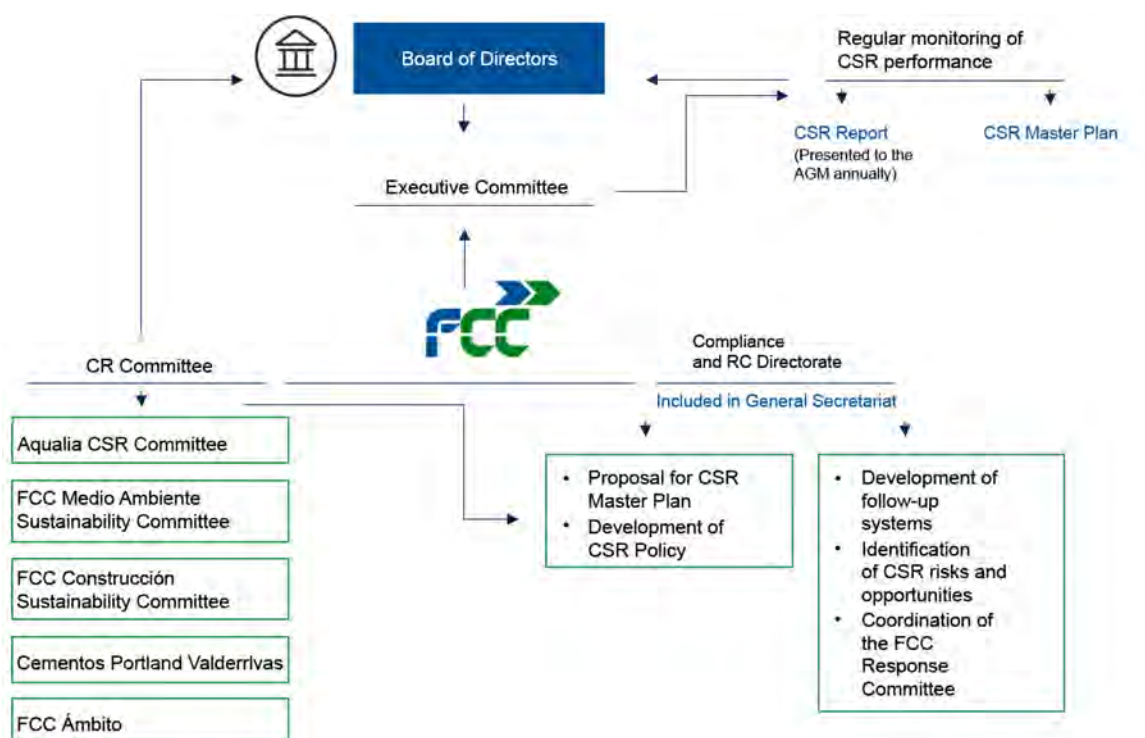
- **CSR policy governance**

The FCC Board of Directors is the body responsible for supervising compliance with CSR Policy, through the Executive Committee. The axis of union between the different businesses and the corporation is the Corporate Social Responsibility Committee, which proposes initiatives and reports results to the Board.

The Corporate Responsibility committees for the different business divisions are responsible in each company for developing, implementing and supervising compliance with Group CSR Policy.

The Corporate Compliance and Responsibility Directorate, an integral part of the General Secretariat, develops the results monitoring systems relating to the Company's social responsibility practices, identifies and manages associated risks and coordinates the FCC Corporate Social Responsibility Committee.

The following graph represents the structure for responsibilities in matters of Corporate Social Responsibility, attributable to each of the bodies involved:



4.5 THE RSC 2020 MASTER PLAN: COMMITTED TO SUSTAINABLE DEVELOPMENT

With the aim of contributing to the challenge represented by the 2030 Agenda and in order to comply with the provisions of CSR Policy, in November 2017 the FCC Group Board of Directors approved the IV CSR Master Plan for 2018-2020. It includes a company commitment to being a part of the solution to social, economic and environmental challenges, with this commitment focusing on responsible management and following recommendations 53 and 54 of the CNMV Code of Good Governance.



The CSR Master Plan is the result of an in-depth analysis of the needs and trends in the medium and long term, detected by the Group regarding social and environmental issues. The challenges in matters of sustainable development, the demands of citizens and the FCC Group's willingness to contribute social value contributed to the definition of 15 action programmes based on three essential pillars:



Axis I: FCC Connected-Connection with citizens

In its commitment to maximise the positive impact of its activity in the cities, the FCC Group tries to understand and analyse the real expectations and needs of all its stakeholders, since from within the company it is understood that the different business lines should promote cleaner, smarter and more inclusive development, towards the construction of more sustainable cities. In this regard, FCC is implementing actions that will improve the development of cities and promote dialogue with administrations in urban centres, to provide a response that is as successful as possible both today and in the long term.

FCC Group initiatives in this regard are as follows:

- **FCC + Action:** each business area focuses on undertaking social action projects in those places where the company has detected a social need that has not yet been met, through collaboration with non-profit organisations and solidarity action.
- **FCC Educates:** a homogeneous project that tries to take advantage of the technical knowledge and different capacities of the professionals in the FCC Group to promote awareness and training programmes.
- **City 2025:** collaboration with the Municipalities in the definition of a Vision for sustainable cities by organising round tables in which the issues addressed include waste management, the need for infrastructure and water management services.
- **Measurement of socioeconomic impact:** an internal method enabling measurement of the social, economic and environmental impact of the different FCC Group projects on the environment.

FCC workers donate books to the MELIOR Foundation

FCC + Action

The collection, scheduled from 29 August and completed on Tuesday, 10 September managed to collect a total of 22 full boxes with over 500 books.

The Melior Foundation responded to the solidarity of the employees in the Tablas and Federico Salmón buildings with a letter of thanks addressed to the entire company.

In this letter, Marina Pérez Martínez, director of content and projects for the foundation, thanked the staff for their help in financing the "Not without my textbooks" solidarity campaign, which helped students of families with limited financial resources and avoided school dropout. This is how the FCC Group and the Melior Foundation collaborated in contributing to the achievement of Sustainable Development Goal 4: High-quality education through social projects to promote inclusive, equitable and high-quality education as a tool for social change.



Aqualia, involved in World Sanitation Day

FCC Educates

For World Sanitation Day, Aqualia, together with more than one hundred entities in the sector, joined the "Do not feed the sewer monster" campaign launched by the Spanish Association for Water Supply and Sanitation (AEAS) on occasion of World Sanitation Day, established by the United Nations to call attention to the priority of sanitation for global development.

For a number of years now, in collaboration with a number of municipalities for which it provides services, Aqualia has also been promoting awareness campaigns warning of the damage caused by dumping certain products and waste into the WC.

To coincide with World Sanitation Day, a series of activities were organised in Granadilla to give visibility to the risk this issue entails in the management of the comprehensive water cycle. Together with the Municipality of this town in Tenerife, Aqualia organised a sewer cover painting contest and installed a photocall of die-cut faces for the students of an educational centre to take pictures pretending to be Aqualia plumbers. They were also able to see everything up close, find out how it all works and even get on a company sewer vehicle.



Axis II: Smart Services

To contribute to local development, the company is working on the incorporation and development of innovative initiatives that will enable the design, execution and maintenance of sustainable solutions, broadening the positive social impact and mitigating the effects of global warming.

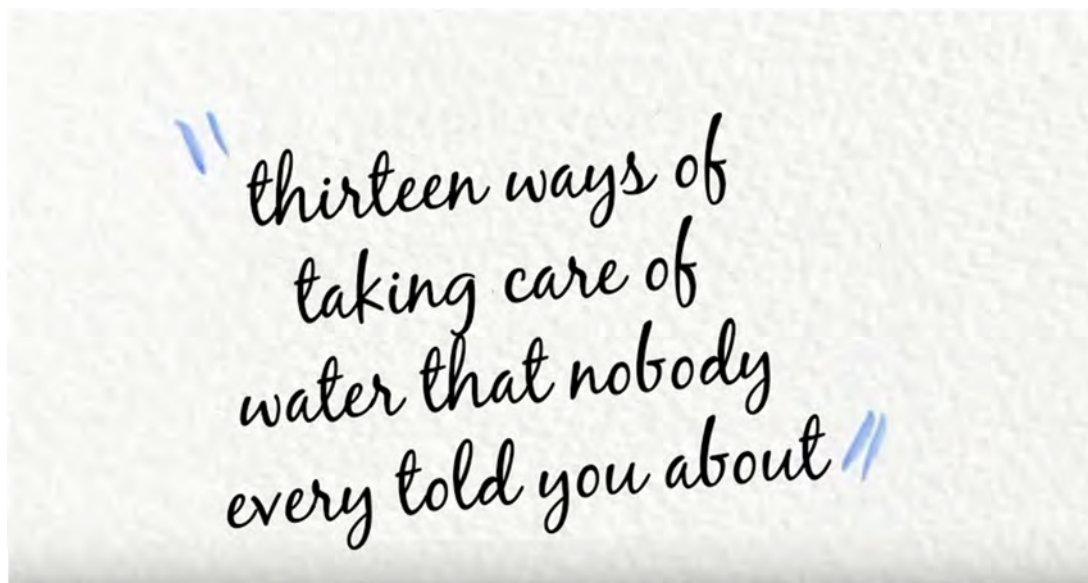
- **FCC plan for a circular economy:** an initiative through which the FCC Group is contributing to the transition of the circular productive model through two of its main activities: comprehensive water cycle management and waste treatment. The company intends to become a benchmark in this area by applying suitable innovation.
- **Climate change and eco-efficiency:** in response to its commitment to mitigating and adapting its services and their impact on climate change, the FCC Group has developed its own 2050 Climate Change Strategy where climate objectives and different measurement indicators are defined for each line of business.
- **Response to water stress:** aware of the scarcity of water and its impact on sustainable development, the FCC Group intends to position itself as an agent that contributes to the reduction of water stress by effectively providing a comprehensive water management service and taking internal measures.

- **Protecting biodiversity:** to mitigate the impact of its activity on the natural environment and promote its protection, the FCC Group maintains a public commitment based on specific research actions, alliances, ecosystem protection projects, etc.
- **FCC Innova^{RSC}:** the FCC Group has detected that, despite the different innovation projects led by each business line, there are no synergies within the company that enable us to share knowledge and efforts in the Group's R&D. This has led to an initiative that contemplates the sharing of sustainable innovation developed by FCC.

Aqualia encourages responsible consumption in the face of water shortages

Response to water stress

Under the #contralaescasezhídrica tag, Aqualia organised an awareness and sensitivity campaign, to highlight the need to promote the rational and sustainable use of water. La Guardia (Jaén), Ibiza and Formentera (Balearic Islands), Ávila, Candeleda (Ávila), Lleida, Torderà (Barcelona) and La Bisbal del Penedès (Tarragona) are some of the municipalities that since the very beginning of the campaign have been involved in this initiative to promote responsible water consumption among citizens in their different communities.



CEAAN Coto de la Isleta Chameleon Programme

Protecting biodiversity

This project is part of the FCC Group Corporate Social Responsibility Policy (RSC) 2020 and managed through a contract with the Coto de la Isleta de El Puerto de Santa María Centre for Environmental Education and Nature Activities (CEAAN).

The common chameleon is listed in Spain as an endangered species and it is mainly threatened by: habitat destruction, capture, ill-treatment and predation by pets. The main tools for their conservation consist of scientific studies and environmental education.



The main objective of this project is to restore the common chameleon population (*Chamaeleo chamaeleon*) in the Coto de la Isleta pine forest, analysing the distribution of the species and applying scientific methodology to obtain updated and useful information. This information will be used for the proper management and protection of coastal ecosystems like El Coto de la Isleta pine forest, for upcoming scientific studies and works, and especially to involve residents in the territory through environmental education and dissemination initiatives.

Due to the marked educational nature of the Coto de la Isleta CEAAN, a public centre run by the Municipality of Puerto de Santa María and managed by FCC Environment since 2013, it is intended for this to become a benchmark centre for the study of the common chameleon and its protection through citizen awareness. Active partnerships and collaboration with a number of entities are also being sought in order to enrich the project.



Axis III: FCC Ethics - Exemplary performance

The FCC Group complies with the strictest standards of ethical behaviour, establishing its own principles that are more demanding than those of the jurisdictions in which each business operates. This framework is regularly strengthened by means of a control system and is also required in the value chain.

- **FCC Culture:** within the framework of the Group's commitment to the well-being of its employees, this involves promoting a corporate culture that contributes to strengthening affection among workers and increasing the pride of belonging.
- **Responsible procurement:** the FCC Group is firmly committed with regard to responsible procurement relating to the contracting of goods and services.
- **XHumanRights:** to strengthen respect for Human Rights in all the Group's companies, a high-quality work environment is fostered that promotes training and awareness.
- **Talent2: skills and leadership:** FCC is committed to investment in the professional development of its employees because it is aware that this will lead to an increase in productivity.
- **Equality and diversity:** these are key factors for attracting and retaining talent and they are also attractive for clients and other stakeholders. For this reason the company contributes and promotes equality and diversity through specific action plans.

Forum for Diversity in Madrid organised by Aqualia

Equality and diversity

With the aim of raising awareness and involving all employees to help improve the lives of people with disabilities, Aqualia organised a Forum for Diversity at its corporate offices in Las Tablas (Madrid) on International Day of Persons with Disabilities. The paralympic athlete Desirée Vila opened the forum with a talk entitled "The only incurable thing is the desire to live", in which she explained how she overcame the accident that changed her life when she was just 16 years old. Everyone then took part in a biscuit-decorating workshop with disabled people aimed at fostering basic abilities and skills for the purpose of improving their independence and autonomy. This activity enabled another "reality" to be brought closer to Aqualia employees.



- **Health and Safety comes first:** the FCC Group focuses its efforts on promoting preventive culture for occupational hazards and the health and safety of its workers, to position itself as a leading company in this area.

Family members and employees of FCC participated in the 3rd Child Road Safety Education Workshop in Alcobendas (Madrid)

Health and Safety comes first

In collaboration with the Municipality of Madrid, FCC organised the 3rd Children's Road Safety Workshop. This family activity, which took place on Saturday, 1 June in the Alcobendas Road Safety Education Park, was designed for children between 7 and 12 years old and focused on education in safe travel behaviour.



The workshop included recreational and training activities on road safety. The programme was in two parts, with a theoretical module aimed at raising awareness on suitable behaviour by pedestrians, travellers and cyclists, and a practical module that took place on the park circuit, with walking, cycling and go-kart tours arranged by the park to develop these activities. Both activities were directed by the Alcobendas Local Police.

This experience fell within the framework of the "Health and Safety Comes First" programme in the FCC Group Corporate Responsibility Master Plan and aimed to raise awareness of the importance of the values we transmit daily with our attitude and actions at the wheel, while sharing a relaxed and entertaining time with colleagues from Group companies and their families.



4.6 FCC CONTRIBUTION TO THE 2030 AGENDA

The Group's CSR programmes and the CSR 2020 Master Plan are aligned with the 17 Sustainable Development Goals (SDGs) approved by the UN in 2015. Thanks to the development and implementation of its CSR Policy, the company has internalised and included these commitments in its business model and actively participates in its contribution in line with the 2030 Agenda.

The common framework that the UN makes available to governments, civil society and the private sector consists of 169 specific goals so that each organisation has effective guidelines for reducing problems relating to poverty, inequality, economic growth and respect for the environment.

The Group's CSR Policy determines the company's contribution with regard to achieving the SDG goals and distinguishes between the direct and indirect impact of its activities.

The activities undertaken by the FCC Group taking into account each of its different business lines, contribute mainly to the following SDGs:



Contribution to the FCC Group's Sustainable Development Goals

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
FCC Medio Ambiente																	
Aqualia																	
FCC Construcción																	
Cementos Portland Valderrivas Group																	

In addition to priority SDGs by business, the following details the direct and indirect contribution of the FCC Group to these objectives:

Direct contribution of the FCC Group in the achievement of the SDGs



The FCC Group contributes to access to water, offering comprehensive water management services, especially in those areas that suffer from water stress.



The company concentrates its efforts on the search for alternative and non-polluting energy solutions, with the aim of obtaining biofuels that do not harm the natural environment.



The FCC Group guarantees the sustainable development of societies through innovative processes and technologies that allow the construction of infrastructure to provide cities with greater resilience.



FCC invests in innovation processes applied to its different business lines so that, through the management of its activities, it is contributing to the creation of the cities of the future.



With the aim of advancing in transition towards a more feasible and sustainable economic model, the FCC Group favours the efficient use of resources and provides services to eliminate and reduce waste disposal, by reusing and revaluing them.



FCC assesses and monitors its carbon footprint and with the aim of reducing it, the services provided are redesigned to mitigate the effects of global warming.

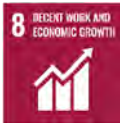
Indirect contribution of the FCC Group in the achievement of the SDGs



The company is committed to health, through the implementation of internal policies to ensure the well-being and safety of all its employees.



The FCC team is both committed and diverse thanks to the Group's commitment to gender equality, through the training and equitable remuneration of its professionals and participation in awareness initiatives.



FCC contributes to the economic development of the communities in which it operates by providing high-quality employment through each of its business lines and respecting human rights.



In line with its commitment to ethics and integrity, the FCC Group fosters equal opportunities and develops inclusive programmes to reduce inequality amongst the most vulnerable groups.



With the implementation of improvements in the eco-efficient management of its processes, the FCC Group prevents environmental degradation, reduces the loss of biodiversity and reduces its environmental impact.



By promoting equal opportunities, implementing inclusive programmes and creating local employment, the FCC Group's businesses contribute to the reduction of inequality in local communities.



All FCC Group companies respect the principles of the Code of Ethics and Conduct and extend compliance to the entire supply chain.

Aqualia in line with the 2030 Agenda

One of the most important initiatives developed in the last year in the field of Sustainable Development Goals was the annual Corporate Campaign called #conexionesaqualia, which was created with the intention of highlighting the importance of Aqualia's commitment to the 2030 Agenda and the United Nations Sustainable Development Goals (SDGs), and of its connection with how it relates to its interest groups.

#conexionesaqualia

In this regard, since 2019 Aqualia has been promoting connections with the people involved in the management of the comprehensive water cycle: Its clients, its suppliers, the planet, the sector, the scientific world and children.

In this case, children and young people are a very significant group for Aqualia, because the sustainability of the resource involves transmitting responsible habits with respect to water to new generations, both with regard to consumption and a return to the natural environment.

For this they have the pioneering aqualiaeduca.com website, a useful educational tool for schools, teachers, and above all, for children and young people. Every year there is an average of 150 Open House Days and school visits in different facilities for children to learn about the value of the work it takes to be able to turn the tap on at home.

Conectados con niños y jóvenes



5. COMMITTED TO THE FCC GROUP HUMAN TEAM

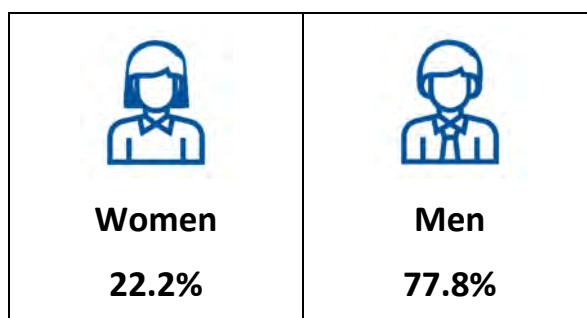
5.1 THE PEOPLE IN THE CENTRE

People are a priority for FCC. The Group and its human capital share a common culture based on the values of respect, honesty, transparency, diversity and meritocracy. It also promotes health, safety and well-being in its workforce and collaborators.

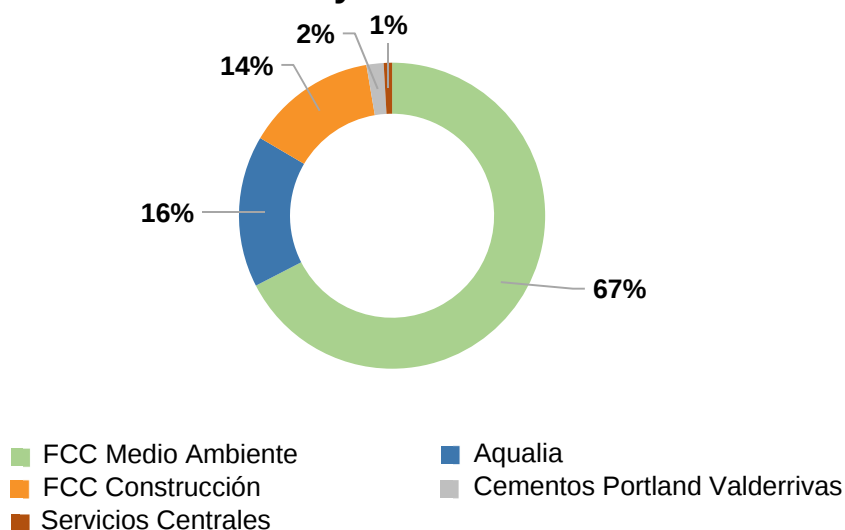
5.2 HUMAN CAPITAL PROFILE

5.2.1 Diversity in the workforce

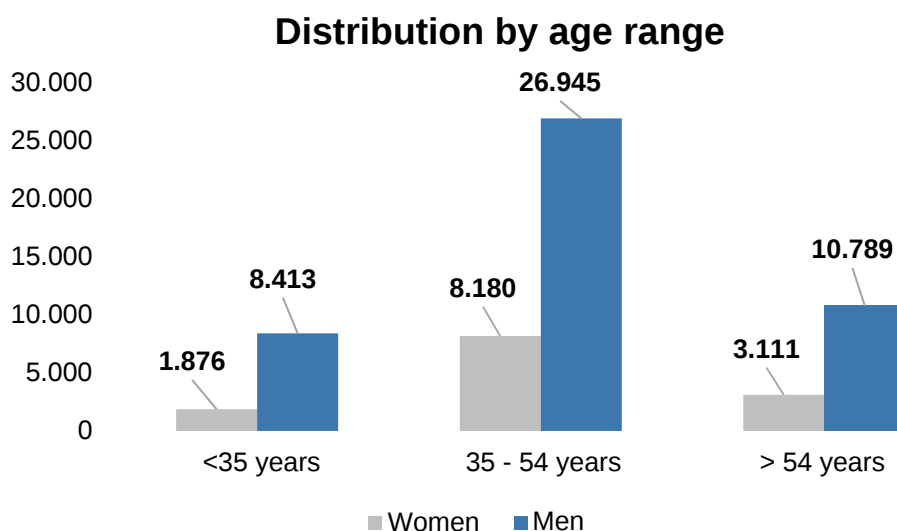
A total of 59,314 people work in the FCC Group. They are distributed as follows by gender and business area:



Workforce by business area



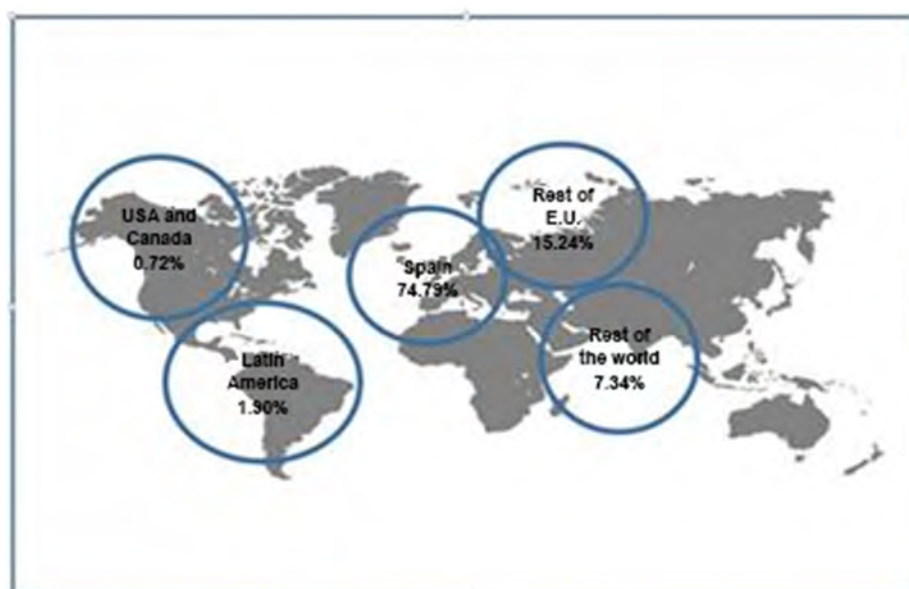
In 2019, the distribution of FCC staff by gender and age range was as follows:



The FCC Group provides services for people of more than 108 nationalities and of all generations, thus developing an enriching work environment that enables business challenges to be addressed from very different perspectives.



FCC also operates in about 40 countries. The distribution of the workforce by geographical area can be seen in **Annex I**, as follows:



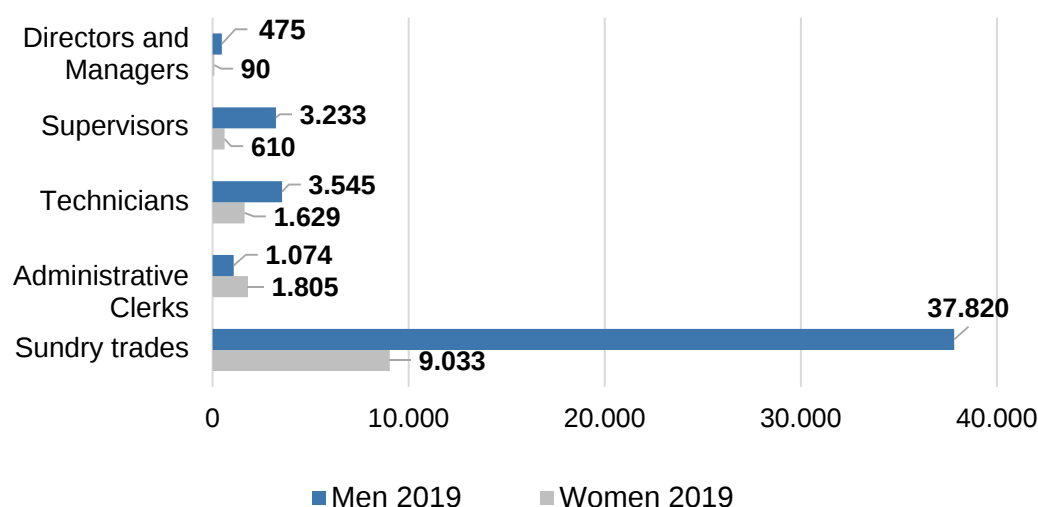
5.2.2 Organisational structure

It is interesting to point out that in 2018, FCC began the process of reviewing its organisational structure to adapt it to the current context. This involved an analysis of the organisational level, the family, mission and duties of each job position within the organisation.

This process was completed in Spain in 2019. In 2020 it was planned to continue with the review of the organisational structure in the Cement Area and in the rest of the countries in which the FCC group provides services (which is why data on remuneration and the wage gap are not included in the report).

The above-mentioned review gave the following result for distribution by gender and functional level at the close of 2019:

Distribution by gender and functional level



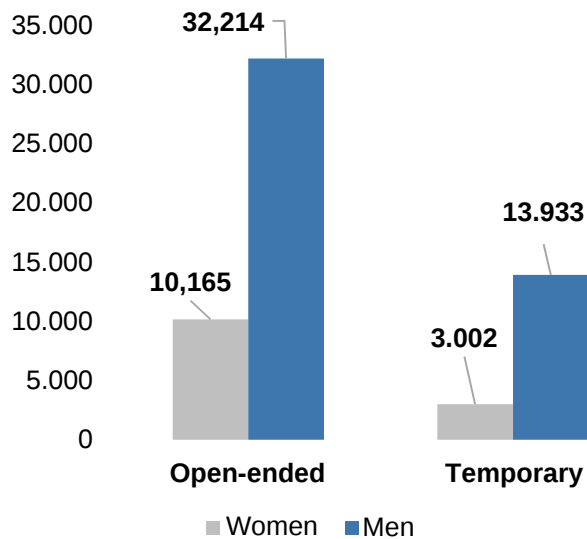
5.2.3 Recruitment and dismissals

The corresponding employment contracts were formalised in accordance with the most suitable modality. This depended on the specific needs for each of the activities undertaken in the different business areas.

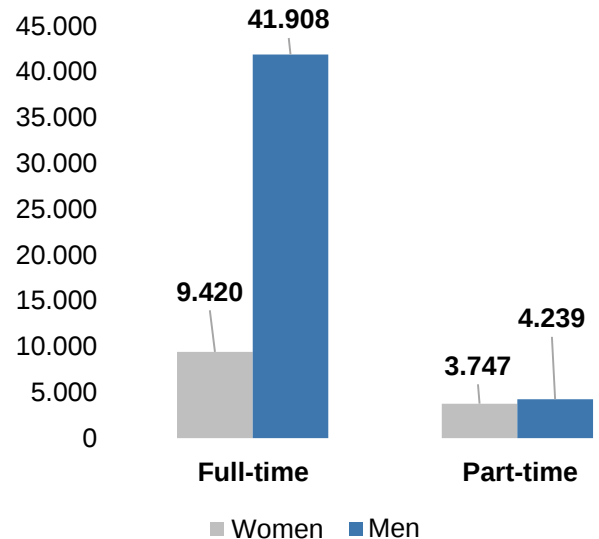
Of the total workforce, 42,379 people have an indefinite contract and 16,935 a temporary contract. It should be pointed out that a large number of the above-mentioned temporary contracts enjoy very stable employment, if we take into account that many contracts are assigned in sectors in which there is an obligation for contractual subrogation. Also, 7,986 people have a part-time contract and 51,328 have a full-time contract.

The data by gender are as follows:

Workforce by gender and type of contract



Workforce by gender and type of working day

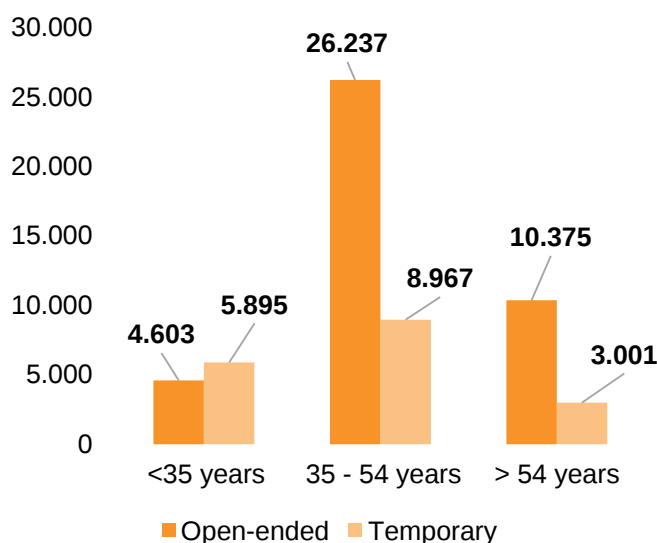


The annual average amounts to 59,078 contracts of which 41,215 correspond to indefinite contracts (9,615 women and 31,600 men), while 17,863 contracts are temporary contracts (3,144 women and 14,719 men).

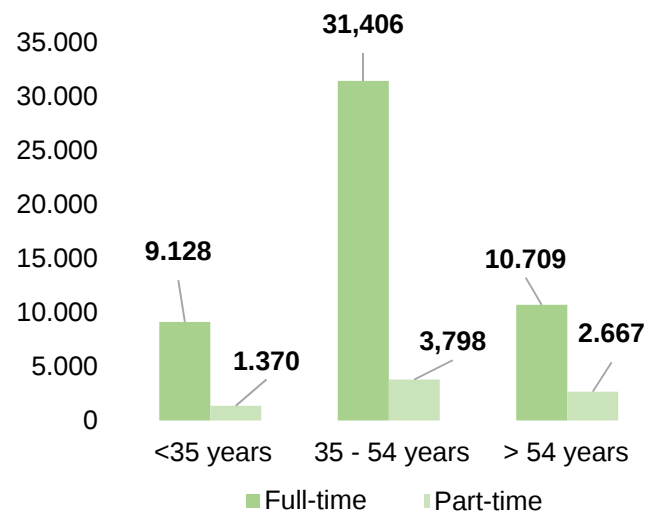
Of this annual average, 7,835 contracts are part-time (of which 3,463 correspond to women and 4,372 to men), while 51,243 are full-time (9,296 women and 41,947 men).

The following table is a breakdown of the annual average by type of contract, type of working day and age range:

Average by type of contract and age range

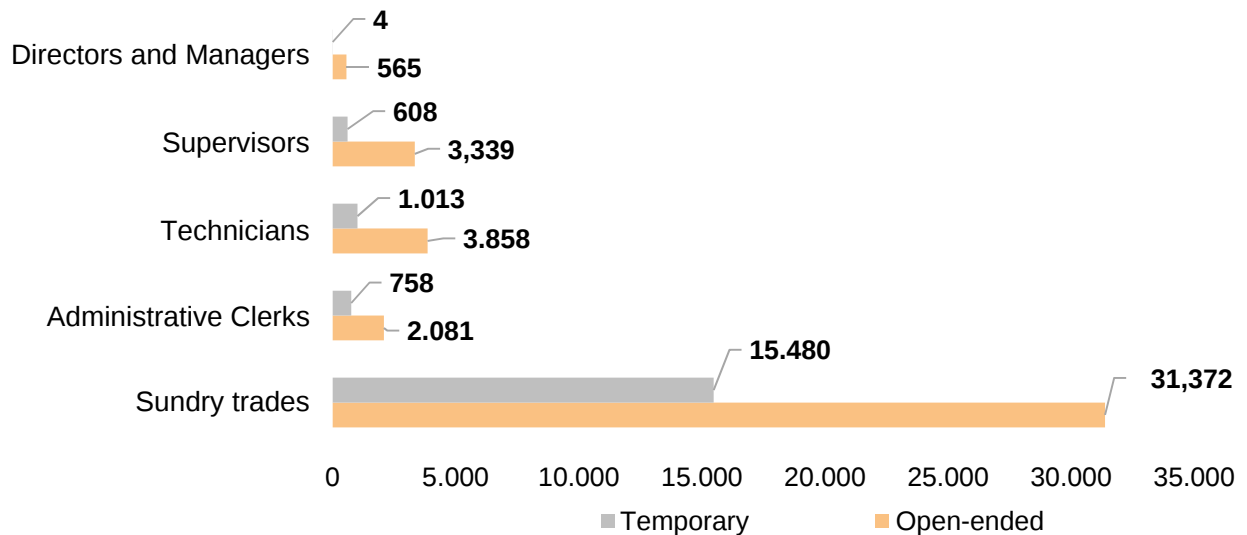


Average by type of working day and age range

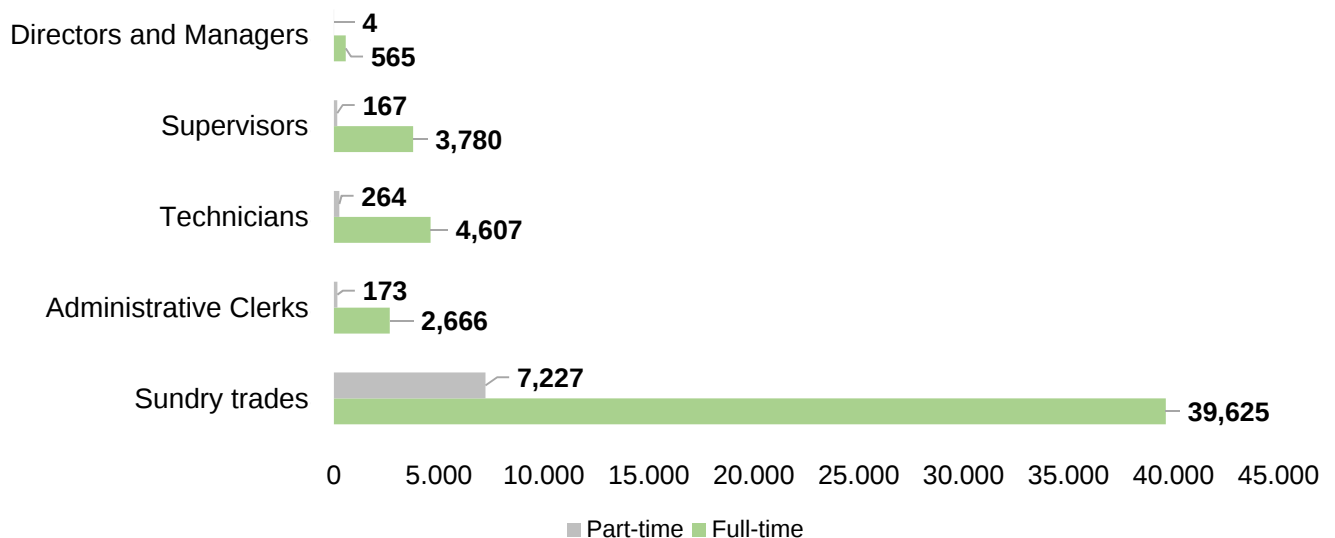


And here is the distribution by functional level:

Average by type of contract and functional level



Average by type of working day and functional level



With regard to the calculation of the average by type of contract, type of working day, age range and functional level, active employees in the month were counted, taking as reference the twelve months corresponding to the 2019 business year.

In 2019 dismissals for the entire FCC Group, classified by gender, age and functional level, were as follows:

Dismissals by gender	2019	Dismissals by age range	2019	Dismissals by functional level	2019
Women	153	<35 years	260	Directors and Managers	13
Men	662	35-54 years	427	Supervisors	37
		> 54 years	128	Technicians	107
				Administrative clerks	46
				Sundry trades	612

5.3 COMMITMENT TO TALENT

The success of FCC depends on the talent of its workforce. This is why FCC fosters a suitable work environment with the aim of attracting, motivating, developing and retaining the best professionals.

5.3.1 Managing by skills

As an essential pillar of its Human Resources policy, FCC implemented a new skills management model in 2019, as a commitment to talent and the ongoing development of its professional staff. The following are the Group's corporate skills:



The blueprint for management by skills facilitates the homogeneous application of human resources policies both in selection, in salary and in training and development. A skills management model allows also helps us understand the skills required (job and personal profiles) to meet the objectives and strategies of each business area.

5.3.2 Selecting the best professionals

In 2019, the selection process methodology was improved to include a due diligence process for the candidate (suitability of the profile, assessment of behaviour and skills, absence of conflict of interest, etc.). This methodology will provide a broad and precise vision of a person's degree of adjustment to a job, their growth potential and their ability to adapt to change.

The usual source for selection in FCC is internal mobility. The fact is that in 2019, 1,004 positions were published via the Intranet, with the aim of increasing this number.

In this regard, one of the main challenges facing FCC for 2020 is to analyse the current situation and define new action guidelines to promote a culture of internal mobility and use it as a lever for professional growth.

Meanwhile, training programmes for new talent developed by the company's different business lines are of special interest:

- The II International Programme for Young Talent in the Construction area with training aimed at fostering the development of recent graduates to allow for easy coverage of positions in the company's international projects saw the participation of nine young talents in 2019.
- Collaboration agreement with the EOI (School of Industrial Organisation) signed by Aqualia in 2016. In 2019 the company incorporated five people as interns in the Engineering and Water Master course.

5.3.3 Training

FCC has a Global Mission to guarantee the training and development of its workforce worldwide, in line with the needs of each business.

The data regarding hours of training in Spain by functional level and business area are as follows:

	Directors and Managers	Supervisors	Technicians	Administrative Clerks	Sundry trades	TOTALS
FCC Medio Ambiente	9,010	11,612	91,768	484	85,861	198,735
Aqualia	2,930	20,914	17,179	5,762	30,014	76,799
FCC Construcción	1,513	10,340	36,167	4,005	28,350	80,375
Cementos Portland Valderrivas	2,454	4,192	5,300	2,284	5,487	19,717
Central Services	1,969	889	4,957	1,270	22	9,107
TOTALS	17,876	47,947	155,371	13,805	149,734	384,733

The definition and design of the training provided in the FCC Group stems from the detection of needs in order to cover job and skills requirements in the workforce.



In 2019, the FCC Corporate University was founded, a commitment to talent in the current environment of increasing globalisation, new technologies and new ways of working.

The aims of the project include standardising and consolidating the FCC Group's transversal training practices, improving the effectiveness and efficiency of the different programmes, promoting the implementation of new learning technologies, preparing teams to work in a diverse and global environment and generating pride in belonging to FCC.

This virtual platform can be accessed from any device and it is made up of three schools of knowledge: Values, Digital and Compliance. It also contains a training space for each business area with a catalogue of courses that are organised by subject, including languages, skills, office automation, health, safety and well-being.



Values



Digital



Compliance

In 2019, training on the FCC Group's Code of Ethics and Conduct (School of Values) and on the Connect 365 platform (Digital School) was launched, and in 2020 training is envisaged in the field of data protection, bidding policy and relationships with public officials (Compliance School). A skills training programme is also being developed, aimed at fostering and developing the necessary skills associated with each person's role in the Group.

5.4 SALARY POLICY

FCC works in a wide variety of productive sectors (construction, water, cement, concessions, services, real estate) in about 40 countries and in general, the remuneration of its workers is subject to the applicable collective agreements (in the case of Spain there were 800 agreements of different scope in 2019).

FCC remunerates its employees according to criteria of sector and geographic competitiveness, internal equity and the level of responsibility. With this in mind, in 2019 a process of review and assessment of jobs began, taking the following five factors into account: Impact, communication, innovation, knowledge and risk.

POSITION ASSESSMENT

-  IMPACT
-  COMMUNICATION
-  INNOVATION
-  KNOWLEDGE
-  RISK

Average remuneration in Spain disaggregated by functional level, gender and age range are as follows:

		Total Average Remuneration		
		Under 35 years old	From 35 to 54	Over 54
Men	Directors and Managers	€60,375.36	€107,200.54	€147,318.51
	Supervisors	€29,251.61	€45,086.22	€50,693.67
	Technicians	€28,498.51	€43,127.14	€51,944.87
	Administrative Clerks	€23,867.52	€30,319.11	€36,504.92
	Sundry Trades	€23,989.51	€26,342.57	€27,694.37
Women	Directors and Managers	€53,855.97	€87,100.64	€83,920.64
	Supervisors	€26,886.49	€36,604.46	€39,305.68
	Technicians	€24,391.86	€35,679.30	€42,562.62
	Administrative Clerks	€20,873.69	€25,063.85	€27,821.19
	Sundry Trades	€19,211.29	€19,991.23	€19,138.44

Average remuneration for the management team stands at 117,610 euros, broken down by gender as follows:

- Average remuneration for women: 86,053 euros.
- Average remuneration for men: 123,024 euros.

The management team includes both senior management (reporting directly to the CEO) and those whose jobs involve management and responsibility within the FCC Group in Spain.

Information regarding the average remuneration for directors is included in the Annual Remuneration Report.

5.5 DIVERSITY AND EQUALITY

In 2019, the FCC Group approved a Human Rights Policy, in line with the UN Guiding Principles for Business and Human Rights and with the Global Compact which FCC adheres to. This Policy, in coordination with the Code of Ethics and Conduct, advocates respect for diversity and inclusion, rejecting discrimination for any reason.

FCC also renewed its commitment to the Diversity Charter in Spain for 2019-2021, in recognition of its equality policies, its commitment to social inclusion and its commitment to becoming an increasingly diverse and socially responsible company.

The application of these values is ensured by ongoing dialogue with social partners. This dialogue translates into reaching important milestones in the field of diversity and equality, such as the development of female employment in sectors with poor representation, specific training for women to occupy leadership positions, the integration of people with disabilities, and recruitment of those from marginal groups and/or at risk of social exclusion.

5.5.1 Equality between men and women

For FCC the principle of equal opportunities is a commitment to action that cannot be waived, as contained in the Code of Ethics and Conduct, which reflects FCC's responsibility in this field.

Commitment to Equality

In Spain, FCC has nine Equality Plans drawn up and implemented together with the main union organisations. These Equality Plans are applicable to the entire workforce in Spain since their scope extends to companies with less than 250 workers. Four Group companies also have the *Company Equality Badge*, a mark of excellence granted by the Ministry with the Equality portfolio.

As for the rest of the countries with a presence of the FCC Group, the Code of Ethics is applied, as well as the regulations in force in each jurisdiction. In this sense, the Equality Plan in force in the United Kingdom should be highlighted.



As a complement to the reports channel included in the Code of Ethics and Conduct, the Group has a *Protocol for the Prevention and Eradication of Bullying* that aims to prevent, resolve and penalise any cases of workplace and gender bullying that may occur. The protocol is binding and includes the principles of the FCC Group's commitment in this field, aimed at guaranteeing the dignity, integrity and equal treatment of everyone. FCC has provided an e-mail address and a confidential online report form.

Promotion of women to management positions

As a result of the FCC Group's firm commitment to the promotion of women, in Spain, at the end of 2019 the percentage of women occupying management positions reached 13.92% of the total for this type of position, showing an increase of more than two percentage points (11.68%) compared to 2018.

With this in mind, the FCC Group is developing and participating in training programmes aimed at creating a work environment that is rewarding, free of discrimination and in favour of diversity. From the actions undertaken, special mention should go to three initiatives for the training and development of women for management positions.

Proyecto Promociona, specialises in preparing women to access senior management positions and boards of directors (CEOE-ESADE).

Three women participated in 2019.

I edition of the Training Programme for Women in STEM disciplines "Now you" for the Sepi Foundation.

In 2019 one woman participated.

Development programme designed for women with high potential at the "Escuela de Organización Industrial" (EDI).

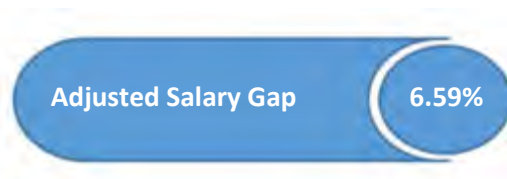
In 2019, ten women participated.

Wage gap

FCC's remuneration management is based on the criteria of objectivity, external competitiveness and internal equity. FCC does not differentiate by gender, so remuneration is equitably based on the level of contribution to the business (functional level) and responsibility and value in each job.

In Spain, FCC has developed a salary analysis methodology based on best practices that enables us to make a granular identification of any possible cases of remuneration inequality between women and men.

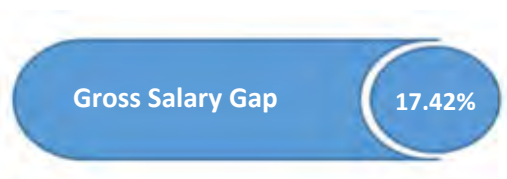
Two types of wage gap are taken into account in Spain for calculation, adjusted and gross.



The adjusted wage gap is calculated taking into account all those aspects that compare men and women in a similar situation. Apart from the gender of the employees, this comparison takes into account some of the key factors relating to remuneration for the position (functional level, seniority, applicable collective agreement).

In this regard, it has been observed that minor seniority ranks (less than 5 years) are those that show a lower Adjusted Salary Gap, the result of good practices in equality that the FCC Group has been applying and that are faithfully reflected in the Equality Plans, all aimed at reaching salary equity between women and men.

In any case, it should be pointed out that the percentage difference does not imply the existence of gender-based remuneration discrimination, since factors that fall outside the Company's scope of action and that contribute significantly to increasing gender-based remuneration inequality may be involved, such as the masculinisation of the majority of the sectors in which the Group's activity is undertaken, working conditions arising from cases of subrogation, individual performance, economic crises, the political situation, socio-cultural reasons, academic training, experience in the position held, etc.



Gross wage gap is calculated by obtaining the percentage difference between average total salary for men and women. This data omits key factors when making the comparison, such as functional level, seniority and the applicable collective agreement.

5.5.2 Inclusion and non-discrimination

The Code of Ethics and Conduct includes as an essential principle the Group's commitment in favour of a more rewarding work environment, free from discrimination of any kind and specifically promoting diversity.

Commitment against gender violence

FCC maintains a constant and public commitment against gender violence that is based on two essential principles, zero tolerance and support for the social and professional integration of victims. The company collaborates with the "Companies for a Gender Violence Free Society" network in tasks of dissemination and awareness, as well as supporting job insertion for women suffering from its after-effects.

To maintain this commitment, the company has the support of specialised entities such as the Incorpora Foundation (La Caixa), the Integra Foundation and the Red Cross, both for dissemination and awareness, as well as for work insertion for women who have been victims of gender violence.

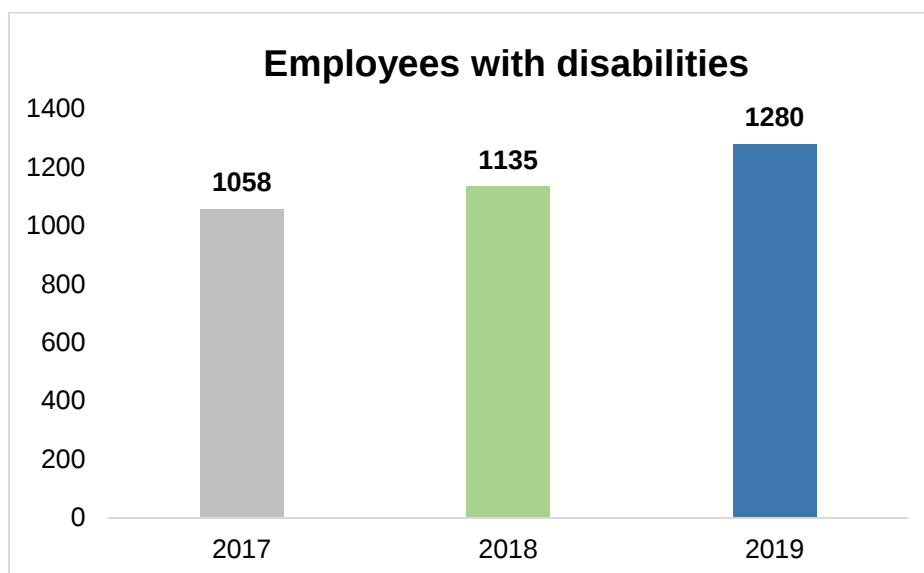
Every 25 November the FCC Group makes an appeal within the company and launches information and awareness actions in the workplace to remind people of its principles and inform them about its commitment and vision: zero tolerance for gender violence and promotion of the social and professional integration of women who are victims of violence.

In 2019, FCC Construcción presented a “do not normalise it and say NO” campaign, aligned with the company's values for equality, non-discrimination, diversity and social-labour action.



Disability

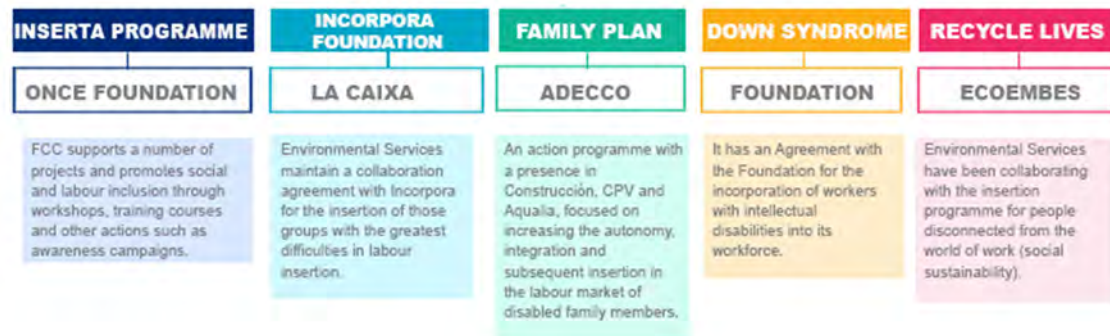
FCC maintains a strong commitment to disabled persons and is becoming a more and more diverse and socially responsible company, promoting actions and projects to foster inclusion, accessibility and equal opportunities through employment. Proof of this is the high number of workers with disabilities recognised in the FCC Group, amounting to 1,280 in Spain², 145 more than in 2018. There has been continuous growth in the last 3 years as can be seen below:



As for the rest of the countries, as a result of the concept of disability not being homogeneous and in accordance with the legal restrictions in force in some countries that prohibit employers from accessing such information, no data can be extrapolated.

² In 2019, the data is included for employees with disabilities in the JVs in which we participate. If this data had not been taken into account, the increase in 2019 would be 98 people.

The Group actively collaborates with specialist organisations that assess the management of recruitment and labour support for people with disabilities. The main organisations with which there is collaboration in Spain are the following:



Accessibility

The inclusion of people with disabilities is not possible if accessible and barrier-free environments are not guaranteed for everyone in the Group.

In the 2019 business year, FCC participated in the II Diagnostic on accessibility organised by the Regional Institute of Health and Safety of the Autonomous Community of Madrid at the corporate headquarters in Madrid (Las Tablas) and improvements were made in terms of accessibility from its participation in the previous edition.

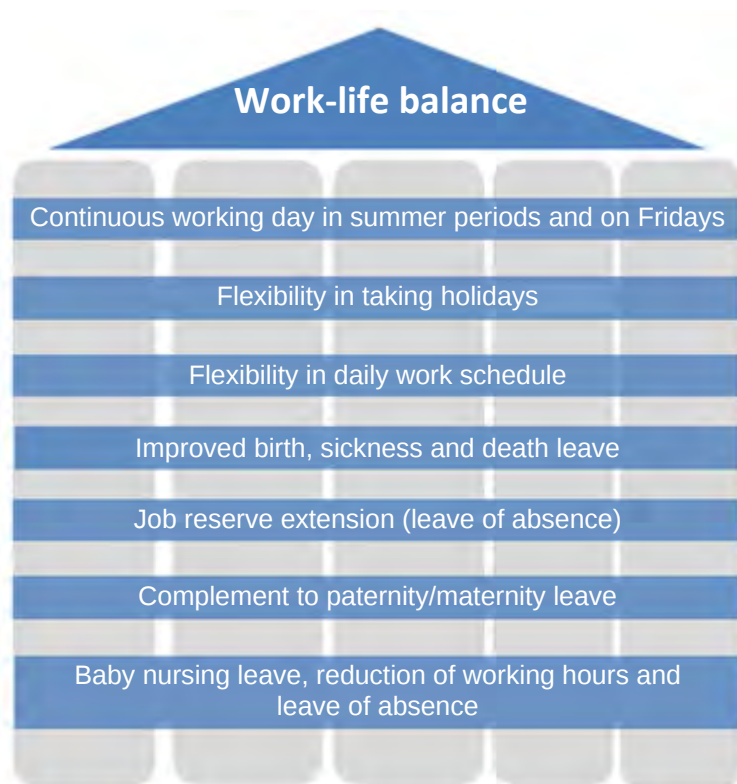
The measures implemented include the installation of magnetic loops in training and meeting rooms, as well as the provision of portable equipment to facilitate hearing in the rooms inside the building and the signposting of steps, stairs, ramps, and reserved places. The company has also launched an internal control and follow-up procedure to record all improvement actions undertaken and to conduct regular maintenance checks.

5.6 WORK ORGANISATION

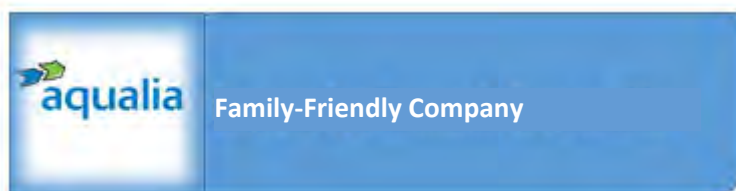
The organisation of working time in the different companies in the FCC Group responds to the productive requirements for each activity, in accordance with the standards and regulations applicable in each sector and location.

To guarantee the well-being of its employees, the FCC Group considers that the proper management of work organisation is essential and there have been a number of initiatives to achieve this aim.

Of the different actions taken, the Group makes special mention of work-life balance, flexibility, co-responsibility and disconnection, all adapted to the different organisational and productive realities and requirements for each centre, function and activity. Here are some of them:

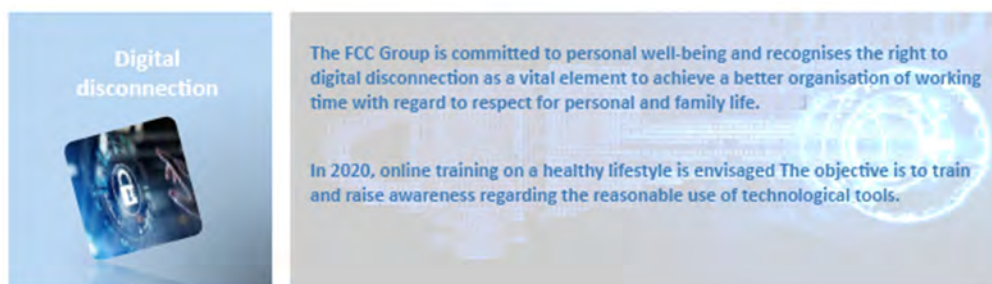


In the Water Management Area, the certification endorsed by AENOR for a Family Responsible Company was awarded for promoting measures with the aim of achieving balance between the personal and professional life of its employees.



Digital disconnection

In 2019, FCC approved the Policy on the Use of Technological Media applicable throughout the Group.



5.7 SOCIAL RELATIONSHIPS

FCC understands that social dialogue and direct communication with its workers, their legal representatives, unions and other social agents are required to create a bond with its employees, for the purpose of encouraging new agreements to be signed as a result of collective bargaining, and that different processes of a collective nature need to be established with transparency, with the creation of follow-up committees and providing employees and employee representatives with all the necessary information.

In 2019, the areas had a presence at a large number of bargaining tables for collective and work centre agreements. They actively participated in collective bargaining for the sector (both at state and provincial levels).



The company is also a member of the international Construction and Wood Workers (BWI) collective that covers all civil-engineering works in the sectors in which it works.

As for the rest of the countries, the percentage of workers covered by collective agreements varies depending on applicable legislation, the existence of collective agreements and even worker representation. In any case a commitment has been made to comply with all applicable legislation and/or collective regulations.

In the most representative countries for the different business areas, the percentage of employees covered by a Collective Agreement is included in **Annex I**.

Special mention for occupational health and safety in collective agreements

In a great number of collective agreements that are applicable in Spain, there is special mention for occupational health and safety in its broadest sense.

The following are the clauses most frequently included in collective agreements signed with regard to occupational health and safety:

- Existence of prevention plans: Risk assessment and technical preventive action
- Mention of continuous improvement in the general conditions for work centres
- Specific preventive measures such as personal protective equipment for use in emergency situations and work with special risks
- Communication and dialogue with prevention services
- Health surveillance features: Regular medical check-ups
- Regulations regarding workers rights: participation, training and information

5.8 HEALTH, SAFETY AND WELL-BEING

5.8.1 Culture

FCC is working to consolidate a culture aimed at creating and maintaining a risk-free environment for the benefit of people's health. Health, safety and well-being constitute an unquestionable value and commitment for the organisation, which is why it is constantly being improved and developed, adapting to the most demanding standards and the development of the business models themselves.

In 2019 within the framework of the Code of Ethics and Conduct, FCC renewed and approved its health, safety and well-being policy as part of its business strategy and responsibility as a social agent. It has the following axes:



5.8.2 Developments in the main indexes

The following details developments in the main accident and absenteeism rates:

Accident Rate Indexes

	2017	2018	2019	Index
FCC Total	26.15	24.08	23.98	Frequency
	0.91	0.82	0.91	Severity

Accident Rate Indexes by geographical area

	Acc. Freq.	Severity	Scope
FCC Total	32.06	1.27	Spain
	23.98	0.91	Global

Accident Rate Indexes by gender in Spain

	Acc. Freq.	Severity	Incidence	Gender
FCC Total	25.58	0.74	3.5	Women
	33.52	0.9	4.94	Men

Indexes for absenteeism occupational accidents and common illness

	2017	2018	2019	Type
FCC Total	0.73	0.54	0.71	Work Accident
	7.24	7	5.63	Comm. illness

Fatal occupational accidents

	2017	2018	2019	Type
FCC Total	4	4	0	FCC
	2	4	2	Subcontractor

5.8.3 Health and Safety Management System

In 2019, the Construction, Environment and Cement business areas renewed the external certification of their management systems, with regard to the recent ISO 45001:2018 Standard, whilst Aqualia renewed the certification with regard to the OHSAS 18001:2007 Standard. This means full adaptation of the systems to the most updated and recognised standards for occupational health and safety management at international level.

Special mention should go to the fact that in 2019 FCC Construcción was also one of the first companies in Spain to obtain ISO 45001 Certification. Health and Safety Management Systems in 6 countries: Spain, Portugal, Panama, Costa Rica, Romania and Peru.

In 2019 and with a view towards upcoming bids, FCC Medio Ambiente was working on the adaptation of two prototypes for electric of road cleaning carts, one of which has a platform on which a worker can travel and the other without a platform. This will mean an improvement in time in the time taken to provide the service, together with ergonomic improvements for the operating staff, leading to a substantial improvement in working conditions in terms of health and well-being.

In another area, FCC Construcción is leading a R&D&i project entitled "Safety4D", on the incorporation of BIM into the field of health and safety. The determination of BIM methodology in the industry will change the way in which safety is applied, effectively integrating it into the construction processes, automatically detecting and enabling a reduction of hazards even before work starts.

January 2019 saw the launch in Aqualia of a new health and safety balanced scorecard (11 activity and effort indicators) and both the frequency of the report and the follow-up activities were enhanced leading to subsequent completion of a monthly report to the Directorate and to the Board. The Zone and Local Office reports are six-monthly and quarterly, but the follow-ups were established as monthly, including an additional step in reporting and follow-up activities, to enable the participation of Heads of Production.

The Cement area collaborated with the CEMA Foundation (Cement and Environment Labour Foundation) in the preparation of technical material on musculoskeletal disorders and for the ergonomic verification and selection of hand tools in the cement industry, with funding from the State Foundation for the Prevention of Risks at Work.

5.8.4 Healthy Life Project



This is being developed by means of an ongoing cycle of initiatives and actions, and the implementation of both global and local resources that in 2019 consisted of:

- Training, information and awareness by means of workshops on healthy eating habits, promotion of physical activity, mindfulness, restful sleep, giving up smoking, etc.
- FCC Healthy Life Portal: platform for healthy challenges, information on health advice, preventive management, current affairs, health, safety and well-being.
- Agreements to offer external benefits to employees regarding the promotion of health and physical activity (Gympass).
- FCC Medical Service: support and promotion for the implementation of a management system adapted to the requirements of a healthy company, including health surveillance and the design of actions aimed at improving collective health indicators.

In FCC Medio Ambiente, as a result of the implementation of a certified healthy and safe business model in all local offices, numerous programmes have been implemented to promote physical exercise, healthy nutrition, restorative rest, health care and support for giving up smoking and other harmful habits.



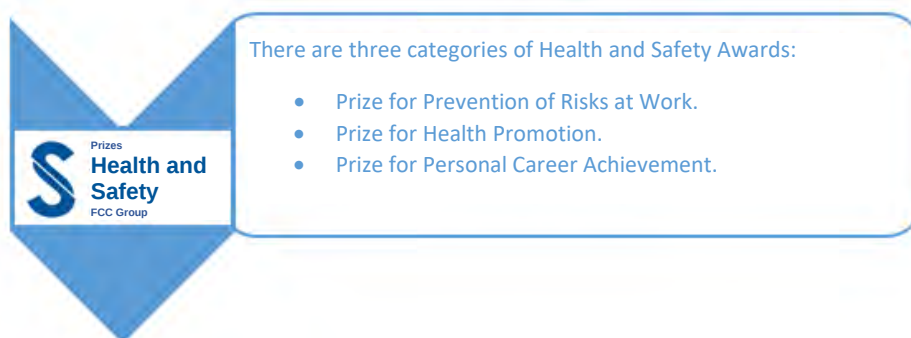
Within the framework of the Be Aqualia project, Aqualia has launched an initiative linked to psychosocial risk with the provision of an emotional health self-assessment programme and free psychosocial assistance.

In 2019 in the Cement area health promotion actions focused specifically on organising campaigns to prevent skin cancer, "Put solar risk in the shade", and seasonally for influenza vaccination.

5.8.5 Participation and recognition

FCC's different business areas FCC have participatory bodies that comply with legal requirements at local level, such as the Health and Safety Committees whose function is to channel consultations and the collaboration of workers in this field. The work centres also receive visits to encourage their involvement, and regular internal audits are conducted to ensure the proper implementation of health and safety management systems.

It should be pointed out that every two years the FCC Group holds a Health and Safety Awards event, in recognition of the exceptional work done those who are involved and contribute significantly in improving the lives of those working in FCC and in the communities where it participates, through health, safety and well-being in the work environment.



There are three categories of Health and Safety Awards:

- Prize for Prevention of Risks at Work.
- Prize for Health Promotion.
- Prize for Personal Career Achievement.

6. MITIGATING THE ENVIRONMENTAL IMPACT

6.1 CARE AND PROTECTION OF THE ENVIRONMENT

Since its foundation, the FCC Group has fostered the resilience of cities, contributing through its different business lines to improving the quality of life and to promoting the sustainable development of society, providing solutions that will help us improve adaptation to the impacts.

FCC takes care to protect the environment, constantly working to reduce the current and foreseeable effects of its activity on the environment. To identify and manage its impact on the communities, the FCC Group monitors its processes in detail and evaluates and manages the impact associated with each Group's business line. This practice includes an exhaustive analysis of each of its lines of activity with the aim of studying the different environmental risks that the company faces.

In this regard, each business line undertakes the following activities:

- FCC Medio Ambiente:
 - o Contributes to the protection and improvement of society, from natural to urban environments.
 - o Provides treatment, collection and recycling services.
 - o Eliminates municipal solid waste and cleans public roads.
 - o Maintains and preserves green areas.
 - o Recycles, assesses, treats and disposes of industrial waste.
 - o Decontaminates soil and groundwater.
 - o Maintain sewer networks in an optimal state.
- Aqualia:
 - o Takes care and meets the needs of their clients, contributing to their well-being.
 - o Preserves the value of water resources and biodiversity.
- Infrastructure (FCC Construcción and Cementos Portland Valderrivas):
 - o Promotes the sustainable and inclusive growth of cities.
 - o Optimises the use of resources.
 - o Reduces emissions

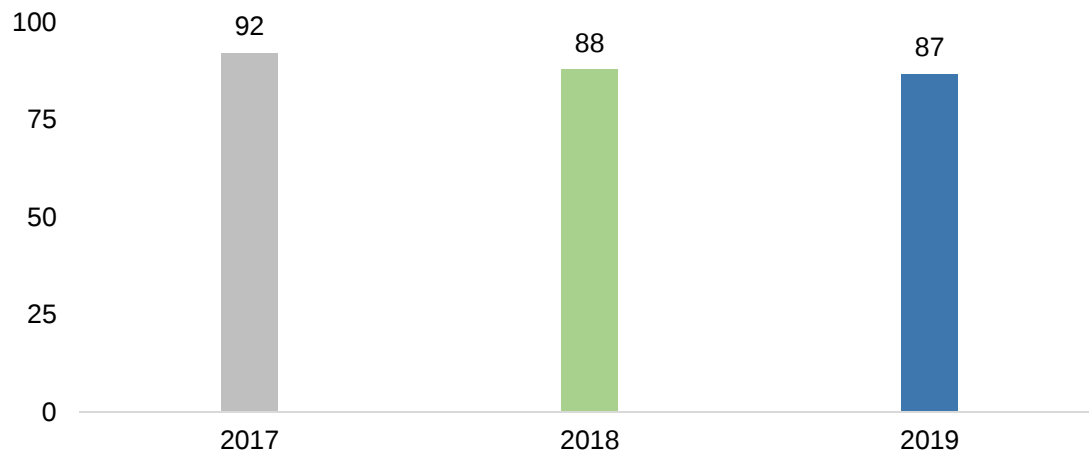
6.1.1 The FCC Group Environmental Management System

As well as continuous improvement, one of the company's ambitions in the field of environmental protection and preservation is to ensure that all its activities are environmentally certified.

Environmental certification is an especially important issue for the FCC Group, as it aims to reflect its commitment to the environment by implementing different environmental management systems in accordance with each of the Group's business lines.

This commitment can be seen in the following table that shows the Group's certified activity in recent years. In 2019 the percentage of environmentally certified activity was very similar to previous years:

FCC activity with environmental certification (%)



By business, in FCC Construcción there are currently 24 countries certified based on the ISO 14001:2015 Standard, within the current Environmental Management System. The Greenhouse Gas Emissions Report was also verified, based on the ISO 14064-1 Standard. And in 2019, there was also verification of 2018 emissions for those centres located in Spain, Panama, Portugal and Peru.

The Cementos Portland Valderrivas Group in Spain has a certified Environmental Management System that has an environmental policy whose principles include promoting sustainability, reducing environmental impact and identifying associated risks. The company complies with the strictest certification standards via the ISO 14001:2015 Standard, through which 6 of its 8 cement factories have been certified and registered in EMAS (The European Eco-Management and Audit Scheme). This is a voluntary tool designed by the European Commission for the registration and public recognition of those companies and organisations that have implemented an environmental management system that allows them to evaluate, manage and improve their environmental impacts, thus ensuring excellent behaviour in this regard.

FCC Medio Ambiente also has certification for the ISO 14001:2015 Standard as well as for ISO 50001 on Energy Management Systems. Under the Community Regulations both companies are registered with EMAS.

In FCC Environment CEE, Slovakia, Hungary, and Czech Republic, they have ISO-14001:2015 certification. Since 2019, Austria has had a Waste Management System certified according to the same standard and Romania also has this certification for all its activities at the headquarters in Arad.

Aqualia has a Management System certified in ISO 14001:2015 and ISO 50001 as well as ISO 14064-1 certification for GHG. In 2019, ISO 14001:2015 certification was extended in Caltaqua (Italy) for the sewage treatment plants in Cammarella and Serradifalco; and in Oman Sustainable Water Services, S.A.O.C. (Oman).

6.1.2 FCC Group environmental policy

With the aim of promoting the sustainable development of society and as a result of the Group's commitment to environmental protection, in 2009 the FCC Environmental Policy was approved by the Board of Directors. This policy encompasses all the companies and addresses the obligations of each one in matters of preservation of the environment and the use of resources, taking the following into consideration:

- Continuous improvement in all its activities
- Control and follow-up
- Climate change and pollution prevention
- Observation of the environment and innovation
- The life cycle of its products and services

Alongside the Group's Environmental Policy, each of the FCC business lines has its own Environmental Policy, focusing on the scope of its commitment in each of the countries in which it operates and in each of the activities it undertakes.

In this context, Cementos Portland Valderrivas develops its strategy in line with the principles that govern its Environmental Policy, which was approved by the Directorate for Operations in Spain and for Business in the United Kingdom in November 2017. This policy is embodied in specific action plans, aimed at minimising the environmental impact derived from its business model: the production of cement.

Meanwhile, FCC Construcción has an integrated policy that includes Management's intentions and guidelines for the implementation of strategies, that has become a benchmark for setting objectives. These policies include the Environmental Policy that works towards regulatory compliance, continuous improvement, minimisation of environmental incidents, the involvement of stakeholders and the establishment of planning to reduce the associated impacts.

In FCC Medio Ambiente, there is a common Environmental Policy that was integrated in 2019. FCC Medio Ambiente's willingness to continuously improve its activities obliges the company to guarantee an efficient provision of the services it offers. This commitment is the basis for the development of an Integrated Management System.

6.1.3 The management of environmental aspects and impacts within the Group

There are a number of different environmental impacts in the FCC Group given the nature of its operations and the activities undertaken by each of its companies. Taking these impacts into account, the FCC Group is committed to a circular economy and offers a new alternative that is responsible and respectful of the natural and urban environment, thus seeking new opportunities and ways of doing business. Another of the pillars that commit the Group in this regard is the improved efficiency of its processes, especially those relating to the re-use of wastewater and waste.

With this in mind, FCC Medio Ambiente has adopted a procedure for the identification and assessment of those environmental aspects derived from its activities, products and services that have a direct or indirect impact on the environment. The main environmental aspects identified relate to the consumption of fuel, water, chemical products, raw materials and electrical energy. Also significant is the waste generated by the maintenance of vehicles and equipment, and that generated in waste treatment and possible leachates, discharges of process waters, washing of machinery and rainwater. The noise generated by vehicles and greenhouse gas emissions and other atmospheric emissions are also significant. The above-mentioned activities also have an impact on the health and safety of FCC Group workers, due to different risk factors such as falls, possible electrical contacts, exposure to harmful substances, being run over, etc.

In Aqualia, the environmental impact of its activity is related mainly to the consumption of reagents, the generation of hazardous and non-hazardous waste and energy consumption. Aqualia is committed to investing in the design and development of innovative solutions with the aim of supplying water to those areas with limited resource availability. In accordance with its commitment to a circular economy, Aqualia also contributes to the re-use of water to maximise

and make profitable its use in distribution, supply and consumption processes, thus avoiding the waste of one of the most valuable resources in the natural environment. The company also makes Energy reviews in accordance with ISO 50001 and RD 56/2016, improved measurement, calculation of pump energy efficiency, optimisation and improvement of processes, installations and production equipment, optimisation of energy purchase, etc.

In FCC Construcción, prevention begins with the identification of any environmental and social issues that may have an impact on the project, as well as defining the risk of occurrence. In this way, criteria are established for directing prevention efforts towards issues where the intensity of the impact is, or could possibly be, greater.

The most significant environmental aspects consist mainly of impacts on the land, mainly due to moving about inside and outside the work locations themselves or dropping granular material during transport. Another significant environmental aspect is the emission of dust particles into the atmosphere. Other significant environmental issues are related to waste generation, the consumption of resources, the generation of noise and vibrations and potential environmental accidents that may occur on site.

FCC Construcción's response in order to reduce or mitigate its environmental impact is based on identifying, evaluating and managing the structural risks associated with buildings and infrastructure, once again with a commitment to innovation. Following the standards for quality and professionalism that characterise the group, FCC Construcción focuses its efforts on strengthening infrastructure and materials with the aim of mitigating the risks described above.

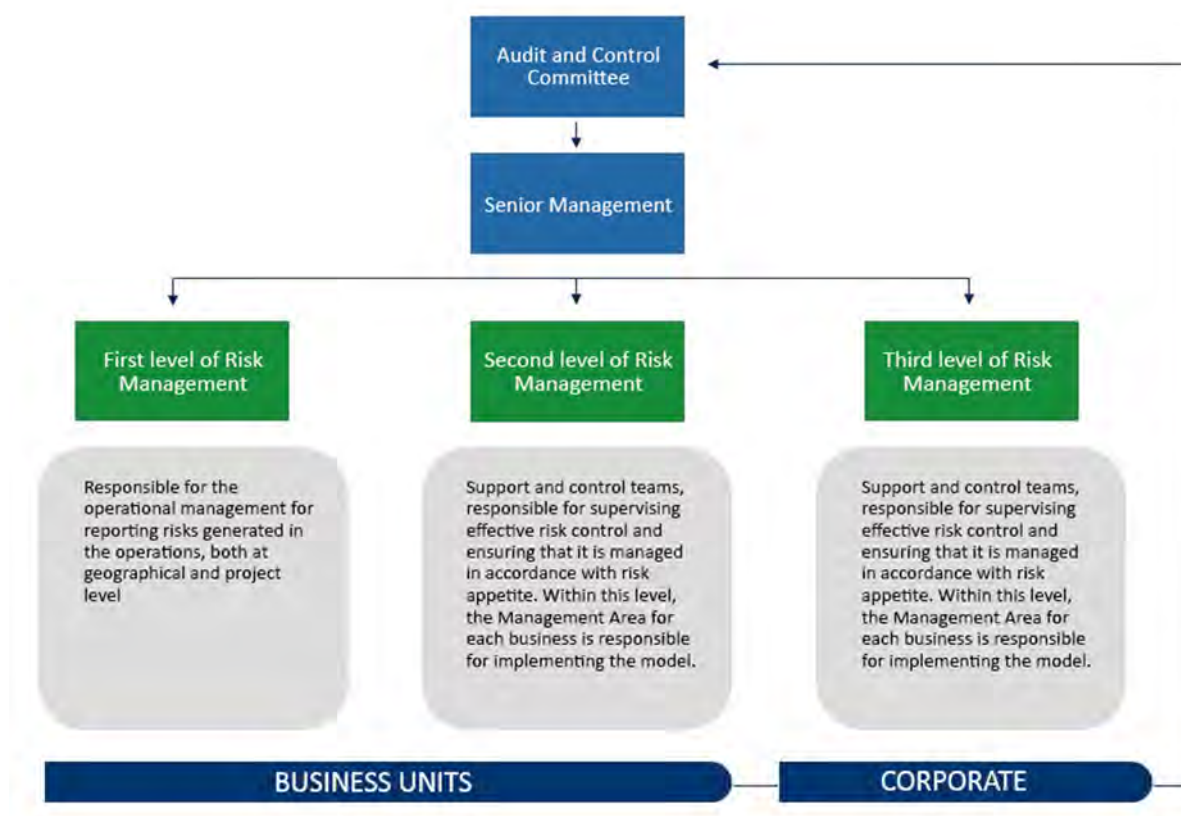
In Cementos Portland Valderrivas, the identification of environmental issues is based on an analysis of processes, installations and products from a life-cycle point of view. This objective and quantitative identification takes into account possible interactions with the environment - soil, water, atmosphere, natural environment, socioeconomic environment, population, etc. - as well as normal and abnormal operating and working conditions, potential accident or emergency situations, indirectly generated issues and those that may arise from previous activities, always aware of the importance of taking preventive measures from the moment the actions begin.

The most significant environmental issues arising from the operations of Cementos Portland Valderrivas are related to the extraction of natural resources from quarries to obtain raw materials, the emission of greenhouse gases (CO₂), particles and polluting gases NO_x and SO₂ and the consumption of fossil fuels and electrical energy. Other significant issues that involve the company are the generation of noise and hazardous and non-hazardous waste and the consumption of water.

The response by Cementos Portland Valderrivas focuses on the mitigation of GHG emissions through the use of decarbonised materials to preserve natural raw materials, the use of biomass fuels, replacing fossil fuels, and taking energy recovery action.

Application of the precautionary principle

The design and execution of the FCC Group's environmental risk management model, as well as its daily activity in the field of risk prevention, is proof of the application of the precautionary principle within the Group. The model has different independent management levels that work in a coordinated manner to achieve greater efficiency in the Group's risk management.



It should be highlighted that FCC Construcción has a Good Environmental Practices® System, its own pioneering model in the sector to define more demanding environmental objectives than those established in the applicable environmental legislation, client and third-party requirements, with the objective of minimising the projects' environmental impacts. By systematising the application of these actions on all FCC Construcción's sites, they become an essential part of a comprehensive planning process, that includes the preliminary identification of impacts and the quantification of the environmental footprint for its activities. With the unification of measurement criteria, this process facilitates the interpretation and understanding of Good Practices, and this in turn helps us to learn from what we do wrong and what we do right and to identify opportunities for improvement.

FCC Medio Ambiente, meanwhile, has implemented and certified environmental management systems based on international standards. The norms under which they are protected were designed as an instrument for the prevention of environmental damage in itself and are of a preventive nature that materialises with risk management. The aim of this risk management is to achieve product and service conformity, so the implementation of these management systems, as is the case with FCC, applies the precautionary principle from the very start of its implementation. Risks are identified in the phases prior to the implementation of the management system, they are taken into account and managed each change the system undergoes a change. Good risk management involves preventing them from appearing, while also assessing the possibility of them occurring and their consequences. This is how serious or irreversible damages to the environment are avoided, by imposing preventive measures for those events where there is no certainty regarding the effect that an activity may have on natural resources.

Cementos Portland Valderrivas applies the precautionary principle for the management of environmental risks, establishing a series of preventive measures in its installations in order to minimise the risks of environmental damage. The main measures taken include the installation of particle filters in furnaces and mills, water purification systems, suitable waste storage and techniques to reduce GHG.

Resources dedicated to the prevention of environmental risks in the FCC Group

To guarantee risk prevention within the Group, the annual budget of all its companies allocates an item to identify, establish and develop new measures that enable possible environmental risks to be anticipated and at the same time reduce possible associated damages.

In this regard, the FCC Group allocated 30.6 million euros to the prevention of environmental risks in 2019.

FCC Construcción allocated 22.4 million euros to the prevention of environmental risks in 2019. Of this investment, 21 million euros were for the renewal of the fleet of vehicles and machinery, 1.2 million euros for R&D projects related to environmental improvement, 17.5 thousand euros to environmental certifications and 10 thousand euros to training.

Cementos Portland Valderrivas allocated 3.7 million euros to environmental the prevention in 2019. This amount included 1.5 million euros for environmental investments and 2.2 million euros for expenses corresponding to land restoration, waste management, analytics, measurements, sampling, environmental impact studies, certification and training.

FCC Medio Ambiente in Spain allocated a total of 4.6 million euros for environmental risk prevention. Special mention should go to the 2.8 million euros for the renovation or acquisition of more efficient vehicles and the more than 1.3 million euros for environmental improvement in industrial waste treatment plants. FCC Environment CEE allocated 398 thousand euros mainly to environmental monitoring, assessments and certifications.

Number of FCC Group provisions and guarantees for environmental risks

The FCC Group and, therefore, its different companies, hold a general third-party liability policy that feel is necessary to cover any accident, damage or risk relating to accidental pollution. The Group also holds an environmental third-party liability policy that ensures coverage for to 60 million euros in case of accident and accidental contamination. Both policies are of global application and their scope of action will depend on the boundaries established with locally contracted policies.

Cementos Portland Valderrivas has also taken out a policy that covers up to 15 million euros for accidents and 30 million euros per year for accidental contamination.

With respect to FCC Medio Ambiente, in accordance with Law 26/2007, of 23 October on Environmental Liability, an analysis of specific environmental risks was made for treatment plants and landfills, in which only one of the 33 facilities analysed had to set up a financial guarantee. Gamasur, responsible for FCC Medio Ambiente's industrial waste management business, also has an environmental guarantee that covers 480,000 euros per accident per year. And in the United States, a pollution policy was taken out for a maximum of one million dollars.

With regard to environmental provisions, the Group has a provision of 239 million euros in the FCC Medio Ambiente division and 12.5 million euros in the Cementos Portland Valderrivas division. FCC Construcción and Aqualia do not have specific provisions to meet environmental contingencies, as the existence of significant contingencies in this fields not contemplated. There are provisions for risks and expenses of a general nature.

6.2 REDUCTION OF POLLUTANT EMISSIONS

With the aim of strengthening its commitment to the communities in which it operates, the FCC Group is committed to reducing the pollutant emissions associated with its different lines of business.

In the cement activity, all centres have established limits to atmospheric emissions and all of them are subject to Integral Environmental Authorisation (in accordance with IPPC Law 16/2002). Also, to control pollutant emissions, the installations themselves are fitted with gas purification and filtering systems that enable them to adapt to the characteristics of the pollutant generating process.

In Portland Valderrivas Cements, cement manufacturing produces significant emissions into the atmosphere from Clinker furnaces. These include: Particles, nitrous/nitric oxide (NO_x), sulphur dioxide (SO₂), and carbon dioxide (CO₂). To ensure strict compliance with the emission limits established in the Integrated Environmental Authorisations, sleeve and electrostatic filters are installed to reduce concentrations in channelled sources. Other measures include the installation of filters in the transport and transfer of powder materials, the use of closed storage, windproofing screens, the irrigation of tracks and the use of sweepers and vacuum vehicles to avoid general emissions.

Cementos Portland Valderrivas is aware of the sustainability requirements that society demands from companies. So to reduce gas emissions, the implementation of selective non-catalytic reduction techniques was undertaken using injection of ammonia water to reduce the emission of NO_x, as well as the installation of low emission NO_x burners and the control of fuel dosage.

Regarding the contamination of the soil and the water environment, the cement division undertakes suitable waste storage in roofed facilities, on concrete surfaces, with retention bunds. It also complies with regulatory inspections of tanks for fuel and other dangerous substances and has installed water purification systems in quarries and factories to guarantee the quality of the discharge into the environment.

To prevent noise pollution, Cementos Portland Valderrivas has fitted silencers and acoustic screens and replaced obsolete equipment. To comply with established requirements and to avoid or mitigate light pollution in its operations, the company is gradually replacing older outdoor light fittings in its factories with others that are more efficient (LED and sodium vapour), taking into account the orientation and location of the lamps to mitigate light pollution.

In FCC Construcción, the measures implemented to prevent the emission of NO_x, SO₂ and particles take into account a number of factors, from the cover for lorries transporting dusty materials to the use of pipes for channelling rubble from a height. Other measures include: Watering tracks and stockpiles of materials, the location of machinery and particle emitting activities to cause the lowest possible impact and the use of machinery with a humidifier system to reduce drilling emissions. To avoid emissions of combustion gases resulting from the use of machinery and transport, actions taken include restricting the speed of construction vehicles and preventive maintenance on the machinery used.

Measures taken to mitigate noise pollution in FCC Construcción include: Placing anti-sonic screens, prior completion of parts of the civil-engineering work that can function as such, the use of more silent and modern machinery and working at times that do not affect the communities in the area.

To minimise the impact of light pollution, FCC Construcción uses more environmentally friendly nocturnal lighting devices that are chosen in accordance with the needs for each project and more importantly, the surrounding features. The measures taken include the installation of timers and presence detectors to switch on lights for specific time, and directional lighting that only illuminates the required area without impacting the environment.

FCC Construcción applies Good Practices to prevent soil from being contaminated by accidental spillage or overflow, as well as to minimise land occupation and the subsequent impact on its natural dynamics. Some of these measures involve the restoration and conditioning of land affected by civil-engineering work so as to recover its morphology, the restriction of accessible and occupied areas and the proper planning of access roads. Properly conditioned bunds are also available for hazardous wastes and substances.

The main measures taken by FCC Construcción to properly manage spillage in its centres and minimise potential contamination of water and soil, include: washing of concrete mixer gutters in an area that is waterproofed and prepared for this purpose, the installation of slag ponds, the placement of elements for containment such as straw or geotextile barriers near bodies of water, the neutralisation of effluents with basic pH and the use of portable sewage treatment plants and pits.

FCC Medio Ambiente, in its commitment to reduce NO_x, SO₂ and particle emissions associated with torches, engines and boilers in its installations, increases the use of vehicles propelled by alternative energies and encourages active gas purging in the landfills it manages.

Noise pollution attributable to the activities of FCC Medio Ambiente is mainly due to the motorisation of service equipment. Other sources of noise are pumps, the water pipe network, presses, lifts, mechanical equipment, etc. Being aware of the associated negative effects, the company is launching technological innovation in the field of acoustic insulation for machinery and is promoting environmental awareness through the training of service personnel. Regarding light pollution, FCC Medio Ambiente is taking measures involving the sectioning of external lighting and the installation of motion sensors for switching on outdoor lighting.

FCC Environment UK monitors atmospheric emissions, discharges and possible spillage and the results are reported to the Environmental Agency on a monthly basis. With regard to soil contamination, it is controlled in landfills by the extraction and treatment of leachate. The facilities have control and treatment systems for the continuous monitoring of atmospheric emissions. Numerous measures are also taken to reduce particle and noise emissions resulting from the company's activities.

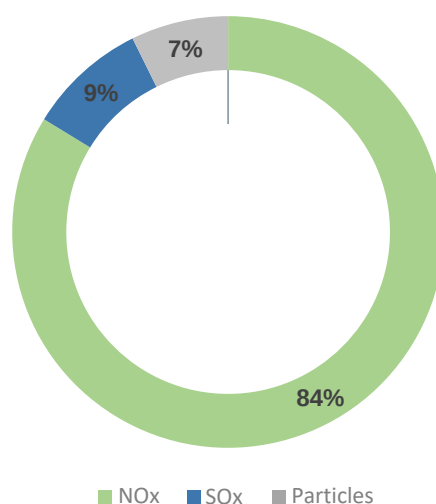
Aqualia takes preventive measures to respond to the main polluting effects resulting from its activities. Regarding noise pollution, the company complies with local bye-laws governing noise matters and avoids any direct impact on local communities. Light pollution is not considered a significant issue taking the nature of Aqualia's business into account, namely: comprehensive water management. However, the company does take some preventive measures to avoid impact on the natural environment and these are: The covered storage of identified chemicals and hazardous waste, with bunds and absorbents to collect spillage, chlorine gas escape detection systems, etc.

The following is a breakdown of NO_x, SO₂ and particle emissions in tons for the FCC Group, during the last business year:

Emissions not contributing to climate change (tons)

Business line	NO _x	SO _x	Particles
Aqualia	76.28	0.03	-
Cementos Portland Valderrivas	8,745.35	663.00	189.17
FCC Construcción	77.18	6.11	741.66
FCC Medio Ambiente	2,267.84	524.79	41.34
TOTAL	11,166.65	1,193.93	972.17

Emissions of NO_x, SO_x and Particles (T)



6.3 FCC'S CONTRIBUTION TO THE CIRCULAR ECONOMY

6.3.1 The circular economy for the FCC Group

FCC Group's social, economic and environmental commitment to the communities in which it operates is reflected in the company's own Vision: to be an international Citizen Services Group that provides innovative solutions contributing to the sustainable progress of society.

As the FCC Group is aware of the prevailing need for adaptation and resilience that is required of companies in matters of mitigation and adaptation to climate change, it has designed a road map aligned with the opportunities presented by the implementation of a circular economy in its business strategy.

So much so that circularity in the FCC Group is included in two of its business lines, FCC Medio Ambiente and Aqualia, specialising in waste and water management respectively, enabling the group to contribute to the sustainable development of the cities and communities in which operates. In this regard, the circular economy represents an opportunity for the Group, since it enables the broadening of its contribution horizon by directing its strategy and operations towards a more sustainable economic model, especially in the areas of FCC Construcción and Cementos Portland Valderrivas.

So with the aim of meeting its commitment to sustainable development and to mitigating as far as possible the effects associated with climate change, in 2017 FCC signed the Pact for a circular economy, promoted by the Spanish Government's Ministry of Agriculture and Fisheries, Food and Environment together with the Ministry of Economy Industry and Competitiveness. This initiative aims to involve all signatories in the transition to a new economic model that is more sustainable and environmentally friendly.

The involvement of the FCC Group with compliance with ethical and socially responsible standards has led to the Group going one step further and this led, in November of the same year, to the preparation of a programme called *FCC Plan for a Circular Economy* as a key pillar of its CSR 2020 Master Plan.

This plan reflects the Group's commitment to and involvement with the sustainable development of society while acting as a roadmap for the company to face the challenges associated with climate change and for which three action guidelines have been established:

1. Assessment of gaps in current activities compared to the package of measures proposed by the European Union.
2. The preparation of an official statement regarding FCC's position on the global circular economy model.
3. Establishment of work lines and the formalisation of the objectives for reduction, re-use and revaluation.

With the aim of reducing its environmental impact and contributing to a more sustainable economic model, the FCC Group has taken a number of measures and initiatives with regard to the prevention, recycling and re-use of resources and/or waste.

For example, given the scarcity of water resources, Aqualia's role is essential for the use and sustainable management of water.

Aqualia is playing a leading role in the European Deep Purple circular economy project to generate bioproducts using water from water treatment plants

Aqualia is once again playing a leading role in the new Deep Purple innovation project that aims to develop a low-cost water treatment system based on purple bacteria. This procedure enables the revaluation of wastewater and the generation of five new bioproducts with commercial application in the cosmetics, construction, plastics and fertiliser sectors. The project is being promoted by a consortium of 14 entities from 6 different countries and lies within the circular economy line of work which is a key challenge for the long-term sustainability of the European global economy.



The comprehensive management of this resource is materialised through its business model with the provision of an abstraction, treatment, storage, distribution, sanitation and purification service for re-use and return to nature. In this way, the water used for undertaking its activity is purified to eliminate waste, guaranteeing the best conditions of the resource once it has been returned to the environment from which it was obtained, thus avoiding any negative impact on the environment.

FCC Medio Ambiente undertakes the detailed treatment of municipal and industrial waste, promoting circularity from collection and recycling to revaluation. Special mention should be made of the commitment and efforts in the field of the circular economy to foster research with the aim of promoting and improving the use we make of waste. The company is committed to converting "waste treatment centres" into "biomethane fuel producers" for supply to all types of vehicles. To this end, FCC Medio Ambiente opened a line of research through the development of projects funded under the EU LIFE programme.

FCC Medio Ambiente and FCC Aqualia. Biomethane: a by-product for the circular economy

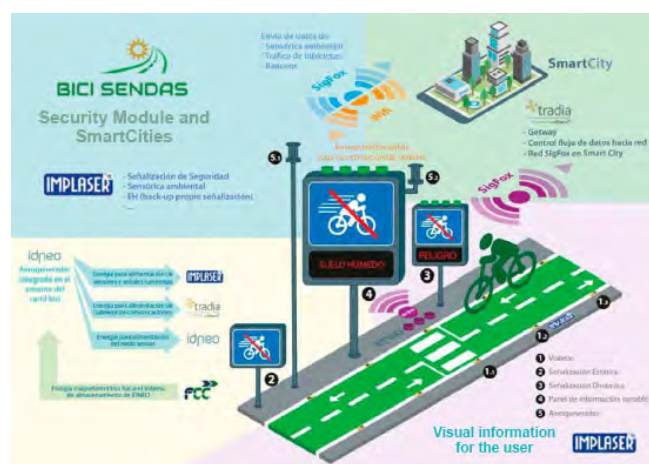
METHAmorphosis 2015-2020 is an example of the exploitation of synergies in the FCC Group, between FCC Medio Ambiente and FCC Aqualia. The aim is to develop an innovative process for the treatment of effluents and to obtain biomethane from municipal waste and agro-industrial waste. Biomethane is a 100% renewable gas that, like natural gas, can be used as a biofuel for vehicles that have gas engines, increasingly on the market due to their low emissions.



The aim of the FCC Medio Ambiente industrial waste management business is to favour the revaluation of the waste flow by maximising the reintroduction of waste as by-products or energy in production cycles, to promote the circular economy model.

"BICISENDAS", a new CIEN project led by FCC Construcción with the participation of FCC Medio Ambiente's industrial waste management business

The project aims to integrate different technologies to create a modular and customised bike lane in accordance with the needs of each city. To do this they need to find and use environmentally sustainable materials to develop new structural materials from industrial waste and by-products. During the process, two alternatives for the removal of hydrocarbons will be developed (one based on microorganisms and the other based on elastomeric absorbent materials).



In FCC Construcción, the contribution to the circular economy has materialised in the continuous re-use of materials.

FCC Construcción also promotes digitalisation as a key factor in its strategy to reduce the consumption of resources via research into *Building Information Modelling (BIM)*, that it has been undertaking for several years now and is one of the most important contributions that the company has made in the field of digitalisation.

As a complement to FCC's plan for a circular economy, the company is committed to promoting and fostering knowledge of the concept and scope of the circular economy amongst its employees. This environmental awareness project is intended to lead to an internal training plan that will enable the company to promote the cultural transformation of the company and align the employees' corporate values with a business model based on circular economy principles. With this in mind training and qualification sessions will be held.

In 2019 FCC Industrial, as part of FCC Construcción, became the first construction company to obtain a certificate for its "Zero Waste" management traceability system, awarded by AENOR for the "Campus de Torija" project in Guadalajara (Spain).

Cementos Portland Valderrivas is applying basic circular economy principles by implementing energy recovery and waste material strategies whose purpose is to improve production and sustainability the conditions in its processes. With this in mind and to avoid the extraction of mineral resources, Cementos Portland Valderrivas uses secondary raw materials during different phases of the production process, encouraging the re-use of resources from other industries such

as ashes, slag, construction and demolition waste, sludge from papermaking processes, etc. Cementos Portland Valderrivas also replaces fossil fuels with alternative fuels such as unused tyres, meat meal, sludge, vegetable oil extract and other plant biomass materials, etc.

6.3.2 Reduction of waste generated

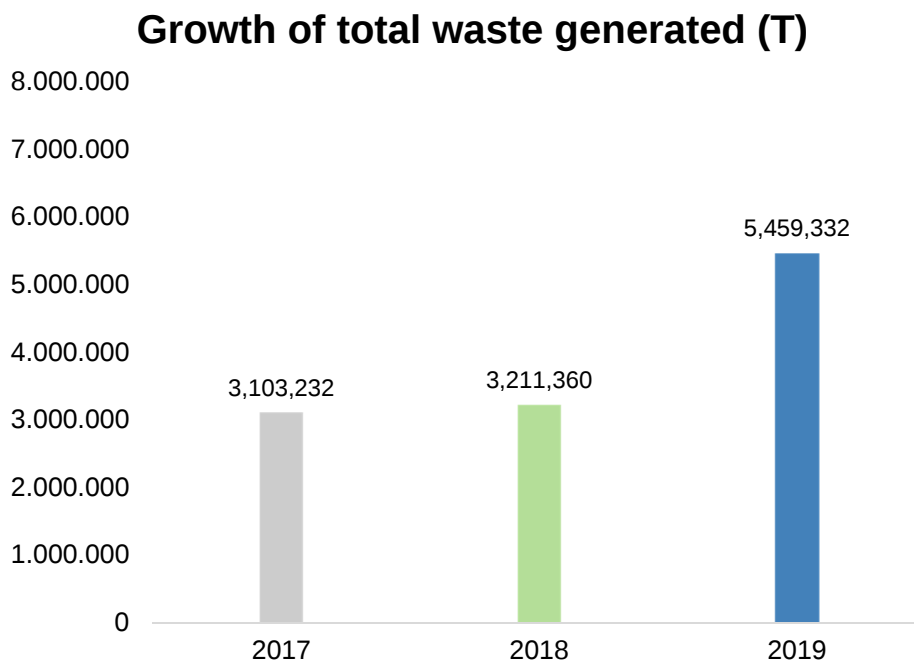
Due to the nature of the company and the different activities undertaken in its business lines, responsible waste management is a particularly significant issue for the Group. This is why action plans are designed, developed and executed for the purpose of guaranteeing the efficient and sustainable management of waste in each of the FCC Group's lines of activity.

The integration of the circular economy enables the FCC Group to develop its activity while at the same time promoting social, economic and environmental sustainability by encouraging the reduction of its own waste.

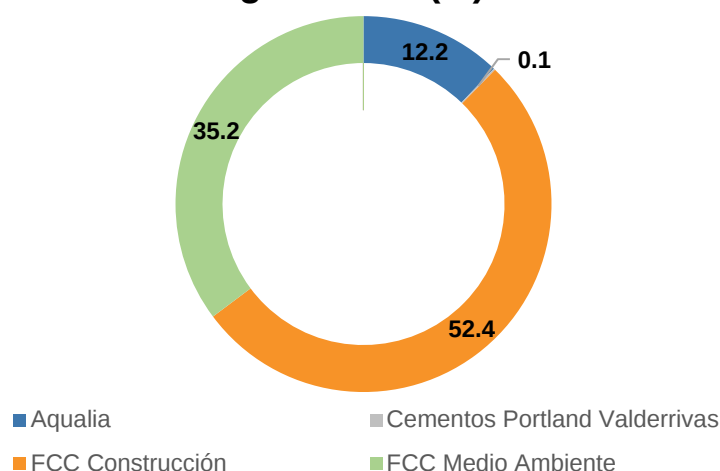
The fact is that, taking comprehensive water and waste management as an example, the company's activities are inspired by circular economy principles since its maxim is to "close the life cycle" of resources guaranteeing their subsequent incorporation into the productive process.

Because of the type of activities undertaken by the FCC Group, food waste is not considered to be a relevant issue. Nevertheless, in those Group centres that have a dining room for employees, the external company providing the service takes measures to optimise estimates for requirement and reduce food waste.

The following table shows the growth of total waste generated, as well as a breakdown by business line. The increase in waste generated in 2019 was mainly due to increased activity in FCC Medio Ambiente and to the execution phases of certain FCC Construcción civil-engineering works.

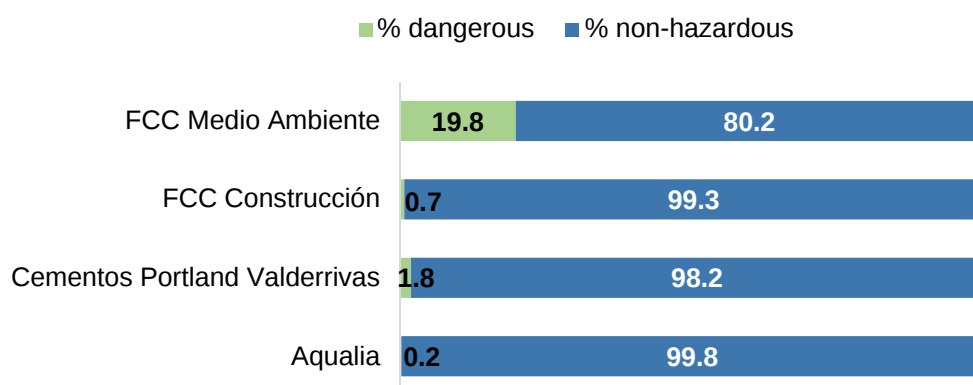


Distribution of total waste generated (%)



Regarding the distribution of waste by type, most of the waste generated in all business lines was non-hazardous, as can be seen in the following graph:

Breakdown of hazardous and non-hazardous waste generated (%)



6.4 RESPONSIBLE MANAGEMENT OF RESOURCES

Growing demand for natural resources makes their efficient management one of the pillars on which FCC Group strategy should be based. With regard to this, each of the Group's business lines has implemented a series of measures that help to minimise the impact of the activities undertaken.

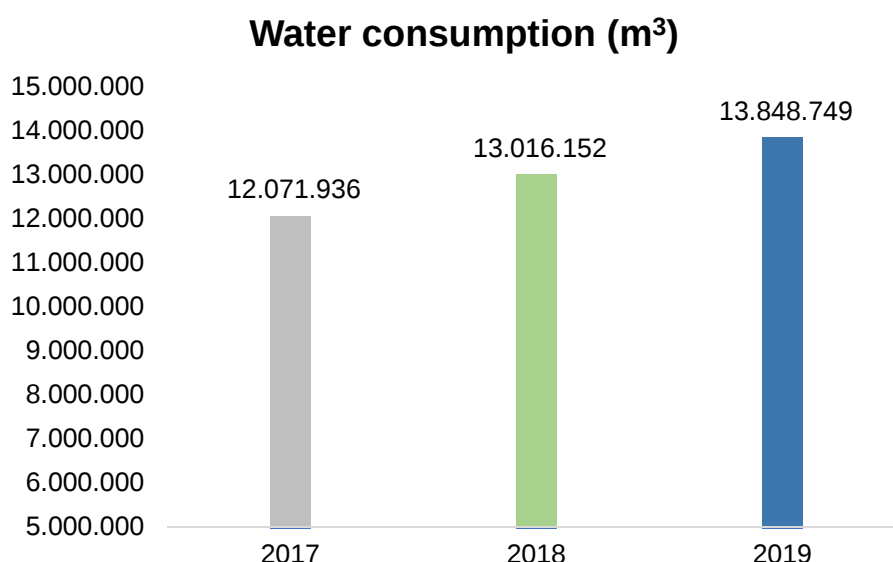
The different FCC business lines have established special protocols for the protection of the resources with which they interact while undertaking their activities.

Damage to the environment, together with a future scenario involving the depletion of resources, has propelled the Group to implement more efficient management models that are compatible with sustainable development and are also the result of the company's solid commitment to the environment and to the circular economy.

6.4.1 Water consumption and management within the Group

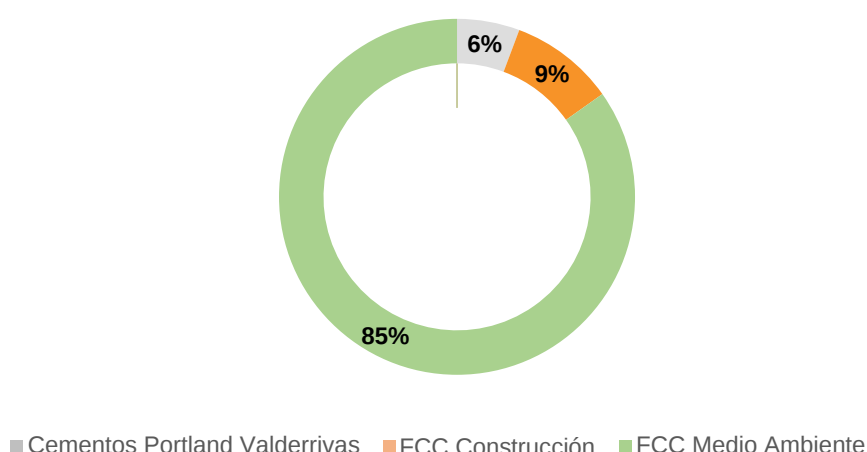
Water is one of the scarcest of what are considered to be vitally important resources. The FCC Group guarantees efficient water management in each of its activities, taking into account the infrastructure and availability in the area.

The FCC Group has established and made available all the mechanisms required to manage this scarce resource as efficiently as possible. As a result of this, all businesses comply with local restrictions. The following table shows the growth of water consumption over the last three business years in the FCC Group:



As far as distribution by business is concerned, the following table shows that, 87% of water consumption³ corresponds to FCC Medio Ambiente. This is a result of the very nature of its activity.

Distribution of water consumption (%)



³ This is not considered to be consumption by Aqualia because the water monitored by the company is the water managed in its installations

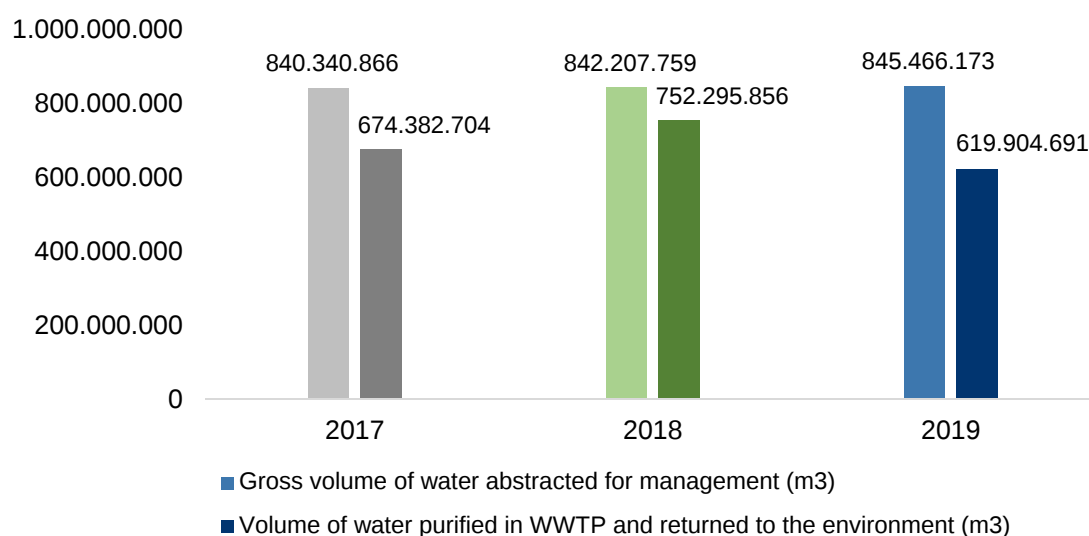
The measures taken to improve water use efficiency vary according to each of the Group's business lines.

Within the framework of the Sustainable Development Goals (SDG) and given that water is a key factor for undertaking our activity, one of the goals prioritised by FCC Medio Ambiente is SDG 12 "Responsible Production and Consumption" and this includes "Water". FCC Medio Ambiente does its best to optimise the use of water in parks and gardens by using alternative sources, conducting probes in large parks for the abstraction of groundwater, promoting automatic irrigation, implementing remote irrigation management systems, installing drainage paving around cork oak trees to improve the use of irrigation water and selecting drought-resistant plant species. It also tries to reduce water consumption in municipal cleaning by taking specific actions such as including high-pressure and low-flow pumping systems in flushing tanks, installing programmable flushers and reducing water consumption by machinery. FCC Medio Ambiente promotes saving water among technical staff by increasing employee awareness through initiatives such as "Ecological Office" and a "Comprehensive Sustainability Training Plan".

In Cementos Portland Valderrivas, water is mainly used for equipment cooling processes, conditioning pre-filtration gases to reduce diffused emissions in the quarry area and in the restoration areas. During the 2019 business year, Cementos Portland Valderrivas worked on the optimisation of water consumption by making improvements to the water networks in the installations to reduce losses caused by breakages in old or damaged pipes.

We should also highlight Aqualia's importance with regard to the management of the urban water cycle. Aqualia favours an environment that establishes clear basic principles that enable the measurement and guarantee of the social, environmental and financial sustainability of the comprehensive water cycle, and this involves the public and private sectors to overcome the challenges posed. Aqualia has taken numerous actions with the aim of improving the protection of the resource. These include the use of recycled water for ecosystem retrieval and the transformation of effluents into water suitable for irrigation.

The following graph details the volume of raw water collected by Aqualia for management, as well as the volume of water purified in Wastewater Treatment Plants (WWTP) that is returned to the environment.



6.4.2 Consumption of raw materials

FCC's activities make raw material management an issue that should be given special priority. Taking into account that the consumption of raw materials is inherent to the business, FCC encourages optimisation to make sure they are used responsibly.

Because of the very nature of its activity, Cementos Portland Valderrivas is a large consumer of natural raw materials. This is why it has an Environmental Policy to promote the sustainability of natural resources by introducing the circular economy principle that promotes the use of alternative raw materials and fuels.

Its activity also enables a high percentage of waste recycling from other industries, thus promoting responsible consumption of natural resources through the recovery of materials obtained from waste and by-products that then replace natural raw materials in order to save non-renewable natural resources and avoid the impact that their use has on the natural environment.

The main alternative raw materials consumed by Cementos Portland Valderrivas include the following: Fly ash, blast furnace slag, foundry sands, paper carbonates, chippings, industrial sludge, left-over concrete and iron husks.

Aqualia mainly consumes reagents used in water management during the purification process.

FCC Medio Ambiente's industrial waste management business uses recycled materials wherever possible to replace raw materials, as well as using one kind of waste to treat another kind of waste as in the Tedes and Aldeanueva installations. In the Ecoactiva hazardous waste landfill, recycled glass is used as covering material.

In other facilities, such as ECODEAL, water consumption is reduced by using ashes to replace reagents and rainwater as process water.

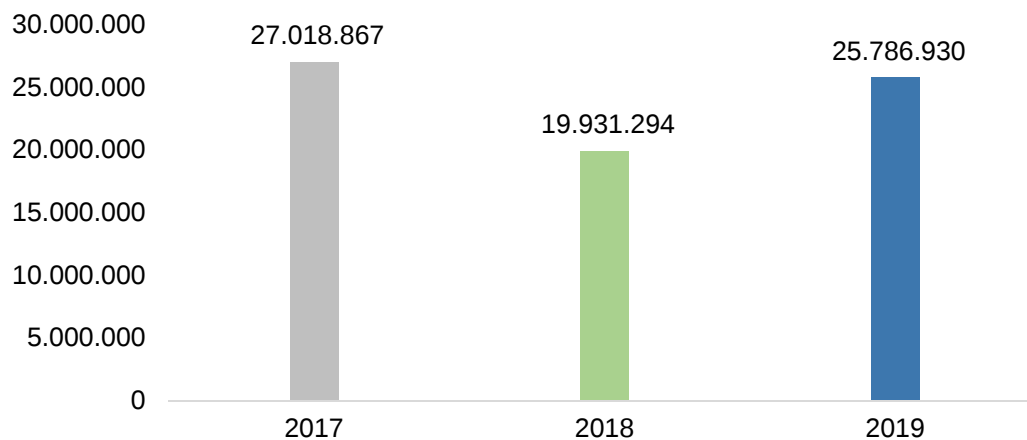
FCC Environment UK is not a significant consumer of raw materials. The extraction of clay in landfills could be mentioned. Due to the geographical location of these landfills, most clay extraction occurs in the place where it will be used, wherever this is possible.

The building work undertaken by FCC Construcción requires not only the occupation of the land, but also ground movement for the work to take place. One way to reduce land consumption is to compensate for clearing and embankments within the same project by using the materials extracted as landfill for the building work itself. In this way, it is possible to reduce the volume of materials required compared with the volume initially planned in the project.

Further Good Practices generally implemented in the projects undertaken by FCC Construcción include the re-use of topsoil previously removed when clearing the land, the use of inert material from other works, choosing recycled aggregates instead of newly quarried material and the recycling of construction and demolition waste for use as gravel.

The following table shows growth in the consumption of raw materials in the FCC Group in the last three business years.

Growth of consumption of raw materials (T)

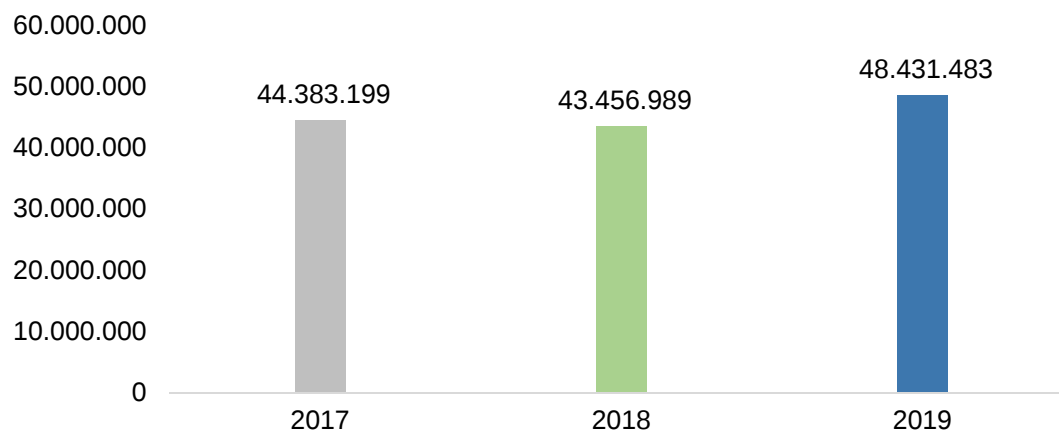


6.4.3 Energy consumption

Turning FCC into a more sustainable business involves reducing energy consumption through greater efficiency, as well as replacing fossil fuels with renewables. Being aware of this importance, the Group made its strategy the implementation these measures as part of its business model.

The following is a breakdown of the Group's energy consumption in the last three business years:

Direct and indirect energy consumption (GJ)



With regard to measures for reducing energy consumption, special mention should go to one of FCC Medio Ambiente's strategic R+D+i lines that focuses on the development of more efficient machinery. A prominent feature is the VEMTESU project that maximises efficiency in energy use: The first vehicle developed using this platform consumes 50% less energy than a conventional vehicle with the same performance.

With the aim of improving energy efficiency, since 2011 FCC Medio Ambiente has also had an Energy Management System certified in accordance with the ISO 50001 Standard, that involves the establishment of energy efficiency objectives and measures in all the organisation's contracts. By way of an example, in the case of the energy management contract for street lighting in l'Ametlla de Mar, software was installed that allows energy consumption to be monitored for each

switchboard or group of switchboards. This tool allows for easy analysis (cost-profit assessment) of the cost and return on investment for the different efficiency measures that are being implemented over the course of the contract, using reports with the savings obtained. It also includes the following modules: Cartography, Inventory, Maintenance, Remote Management and Electricity.

For the project involving a "Recovery tower for the treatment of the CSP fraction in a glass recycling plant", included in FCC Medio Ambiente's industrial waste management business, a new tower-shaped line (or waterfall) was developed, allowing the material to be transported from one device to another by gravity, with the consequent energy savings. Action plans are also available in its installations to improve energy efficiency, such as the adjustment or optimisation of the power contracted for the electricity contract, the replacement of current technology with its equivalent in LED and courses on efficient driving. FCC Environment UK applies policies to reduce energy consumption involving the installation of LEDs throughout the business, the purchase of more efficient machinery, the installation of renewable energy generators and employee training and awareness in these issues.

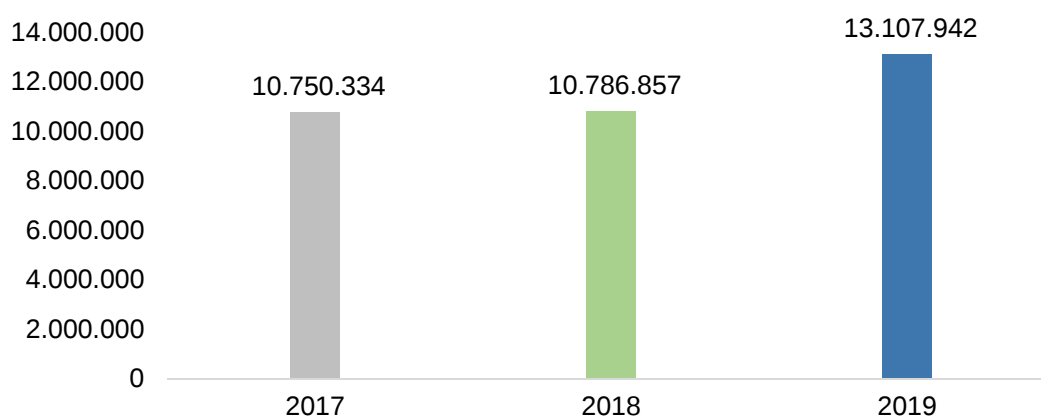
Cement manufacturing in Cementos Portland Valderrivas requires processes that involve very high energy consumption. This energy currently comes mainly from petroleum-derived fuels. Aware of the need to change these practices, most of the cement factories in Spain undertake continuous monitoring with the aim of improving practices, not only in matters involving a reduction in the use of these fuels, but also to improve competitiveness.

For the purpose of achieving greater efficiency in the use of energy, FCC Construction also prioritises, whenever possible, the use of renewable energy and tries to improve the performance of conventional systems or use more efficient alternative systems. Good Practices applied in this area aim to reduce energy consumption and reduce greenhouse gas emissions. Some examples are the installation of presence detectors, the replacement of halogens and fluorescents with LED lighting, the shutdown of equipment that is not being used and the maximum use of natural lighting.

Aqualia applies a number of measures to the water management process with the aim of reducing energy consumption, as well as using renewable sources whenever possible. The reuse of biogas produced in wastewater management processes to produce heat or energy deserves special mention.

The following details the consumption of renewable energy in the last three years, where it can be observed that as a result of the Group's commitment, it has increase by 22% compared to 2018:

Renewable energy consumption



6.5 FCC AND CLIMATE CHANGE

The involvement of companies, administrations, social organisations as well as all citizens in general, is a key factor in the fight against climate change. The activities undertaken in each of FCC's business lines means that it plays an especially significant role in this regard. That is why the FCC Group has developed policies, both at a corporate level and in each of the business lines, to mitigate its effect and to adapt to the consequences arising from climate change.

6.5.1 Strategy for adapting the FCC Group to climate change

Because of its commitment to the environment and based on a SWOT analysis prepared by the Group, the FCC Group has created its own climate change adaptation strategy in the 2050 horizon and that includes all of its business lines. The aim of the initiative is to minimise the Group's impact on the environment, improve the quality and efficiency of its operations, manage its resources ethically and responsibly, and take care of, respect and protect biodiversity.

The following is the SWOT analysis made by the Group:

WEAKNESSES	STRENGTHS
• Greater understanding on the part of managers about the problem of climate change and the implications for the Group. • Little synergy between teams and business climate change strategies. • Some competing companies are more advanced in the implementation of their climate change strategies. • Lost ground in the face of global trends in climate change.	• Great progress in the mitigation of environmental impacts (calculation of the carbon footprint and design of measures for its reduction). • Possibility of becoming a strategic ally for clients, in terms of solutions to climate change. • Ability to adapt to new conditions.
THREATS	OPPORTUNITIES
• New regulations related to climate change. • Changing economic situation. • Climate threats on the operation of some of the businesses, availability of raw materials, routes affected, etc. • Ground lost in the face of competitiveness and market demand. • Possible increase in business operational costs.	• Possibility of domestic, international, public and private to innovate with regard to climate change. • Opening new markets, attracting and retaining clients. • To achieve greater efficiency in businesses operations (for example, energy, water, etc.). • Positive impact on reputation.

This analysis led to the establishment of five strategic pillars applicable to each of the Group's business lines:

1. Monitoring (carbon footprint calculation) the aim is to identify and quantify the Group's GHG emissions.

2. Reduction: once the information has been monitored, the action guidelines are drawn up, together with more specific and ambitious goals in the field of GHG reduction, which are regularly examined.
3. Adaptation: the FCC Group is aware of the prevailing need for adaptation to climate change that is required of the entire business environment and, therefore, of its clients. In this context, the challenge is not only operational and financial, but it also involves expansion to new markets and access to new clients in order to provide comprehensive services that facilitate adaptation to the climate crisis.
4. Innovation: For the FCC Group, adaptation involves being able to respond in an innovative way to the great challenges in matters of sustainability. Innovation that enables the company to play a leading role in the design of sustainable cities and to be a strategic ally for its clients.
5. Communication: the design and execution of a climate change adaptation strategy would not make sense if communication were not a strategic axis for the company. So with the aim of guaranteeing transparency, rigour and professionalism - values that define the group - with all its stakeholders, the intention is to communicate not only the achievements and actions taken, but also the difficulties and challenges that drive and motivate the FCC Group to be the best provider of comprehensive solutions in matters of adaptation to climate change.

The differences between the different business lines that make up FCC, from their activities to the sources of emission, imply a need to work together to achieve the quantitative objectives established at group level.

However, these differences have also led FCC to set two different goals: one for the cement sector and one for the rest of the businesses. The reason for this differentiation is that, in order to reduce emissions, Cementos Portland Valderrivas needs to reduce production and this will lead to a loss of competitiveness that would affect business.

With this in mind, the group's GHG emission reduction objectives are as follows:

Group Objective (without cement):	
vs 2017	
2030	-10.00%
2040	-15.00%
2050	-20.00%

Cement targets	
kg CO ₂ /t Clinker	
2030	768.00
2040	754.00
2050	740.00

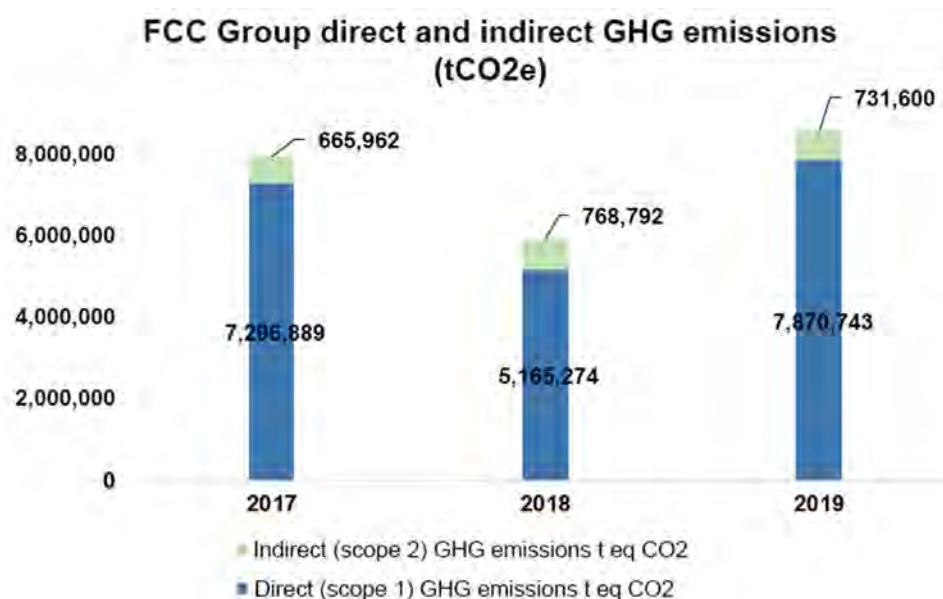
As far as indicators are concerned, FCC has developed a series of meters that will allow annual control to be maintained for each business line of compliance with the goals established in the above tables:

Business	Indicator	Unit	Objective 2020	Objective 2030	Objective 2040	Objective 2050
Aqualia	Reduction of energy consumption	kWh/m ³	-2.50%	-10%	-20%	-30%
Cement	Fossil fuel replacement	%	15.50%	20%	25%	30%
Medio Ambiente Spain	Emissions from energy consumption in mobile sources	tCO ₂ e	177,248	196,213	200,611	186,586
	Emissions due to waste treatment (scope 1) ⁴	tCO ₂ e	268,339	182,822	138,895	137,365
	Emissions due to waste treatment (scope 1 and 3)	tCO ₂ e	2,774,357	1,926,386	1,451,361	1,339,949
Environment UK	Emissions from energy consumption in mobile sources	tCO ₂ e	37,260	37,232	37,204	37,175
	Emissions due to waste treatment (scope 1)	tCO ₂ e	2,153,961	1,961,168	1,768,375	1,575,582
Environment other countries	Emissions from energy consumption in mobile sources	tCO ₂ e	40,044	39,852	39,660	39,468
	Emissions due to waste treatment (scope 1)	tCO ₂ e	70,753	64,421	58,088	51,755

6.5.2 FCC Group Greenhouse Gas emissions

In line with its commitment to the fight against climate change, the FCC Group measures the impact of its activities through the annual calculation of its carbon footprint. Each business line has developed its own methodology taking the specific nature of each activity into account.

The following graph shows developments in Greenhouse Gas emissions in the FCC Group in the last three business years:



⁴ Estimated data taking into account the weights of both scopes in 2018 for each type of treatment, because the business study to establish the objective does not differentiate between scopes.

In FCC Medio Ambiente, most of the GHG emissions generated are due to energy consumption by the fleet of vehicles (46%). 40% of emissions correspond to those associated with landfill deposits and 14% to emissions associated with biological waste treatment (composting and biomethanisation).

Cementos Portland Valderrivas places special emphasis on the control and mitigation of the greenhouse gases it produces, since the limestone decarbonisation process and the use of fossil fuels in furnaces emit a large amount of these gases. The strategy adopted for the reduction of CO₂ emissions by Cementos Portland Valderrivas is based on two fundamental actions; to take advantage of refuse-derived fuel for Clinker furnaces, using energy that would be sent to a landfill and to replace natural materials as far as possible with raw materials that have already undergone the decarbonisation process.

In FCC Construcción the main sources of GHG emissions are related to indirect emissions, such as those related to the production and transport of materials consumed or to ground movement and the resulting transport of this and the remaining clean rubble.

In the case of Aqualia, the highest percentage of emissions are for Scope 2. This is because most of these come from the electricity consumption required for water purification managed by the company.

FCC Medio Ambiente contributes with 18% of the emissions associated with the national waste sector. In 2019 FCC Medio Ambiente registered its GHG Emissions Report in the Carbon Footprint, Compensation and CO₂ Absorption Projects Registry of the Spanish Office for Climate Change (OECC) depending on the Ministry for Ecological Transition (MITECO). FCC Medio Ambiente has a carbon footprint calculation procedure for organisation through its own tool, the VISION Platform, that enables the identification of emissions by contract, type of activity, installation and process used. Verification is outsourced to an external entity that takes the ISO 14064-3:2006 international standard into account.

FCC Medio Ambiente's KET4F Gas Project for the industrial waste management business is being developed along a strategic R+D+i line. The aim of this project, which will last for three years, is to research alternatives that will contribute to the reduction of greenhouse gas emissions, through the development and improvement of technologies for the retrieval and replacement of fluorinated gases.

The FCC Group and its role in the fight against climate change

FCC participated in the Climate Infrastructure Technical Forum for "Continuous Permeable Paving"

FCC Construcción participated in the Climate Infrastructure Forum, the most important international infrastructure sustainability event of the year. The company was represented by the director of Quality and CSR, Antonio Burgueño who participated in a session entitled Metrics for Sustainable Infrastructure: Defining the Boundaries, Unlocking Institutional Investment.



Present at the Climate Change Conference in San Sebastián

FCC Medio Ambiente was present at the International Conference on Climate Change, "Change the Change", held from 6 to 8 March 2019 in San Sebastián, whose objective was to mobilise citizens towards personal commitment to Climate Change. The conference was part of the UN Momentum for Change initiative and organised by the Basque Department of the Environment in collaboration with the Government of Spain, the Provincial Deputation of Guipúzcoa and the Municipality of San Sebastián, and it took place within the framework of "Climate Change Week".



Pablo Colio, CEO of the FCC Group, takes part in the 2019 United Nations Climate Action Summit

Pablo Colio, CEO of the FCC Group, took part in the 2019 United Nations Climate Action Summit, held in New York from 23 to 26 September.

The summit meeting brought together political and business leaders from all over the world, a total of 66 countries pledged to achieve zero carbon emissions by 2050. These 66 countries were joined by another 10 regions, 102 cities, 93 companies and 12 investors seeking to achieve zero greenhouse gas emissions by 2050, a goal laid down by scientists to restrict global warming to +1.5°C compared to the 19th century. The collective goal is to reduce greenhouse gas emissions by at least 45% by 2030 and this way prepare the world to achieve a zero carbon footprint by mid-century.

FCC participated in a "High-level CEO Roundtable on Corporate SDG Finance and Investment", that brought together the most important global business leaders, who assessed the progress made by their companies with regard to the Sustainable Development Goals. Debate centred on the role of the private sector in the integration of sustainable investments; the role of governments in providing corporations and investors with strategic plans for development models in emerging markets, and the role of CFOs and the financial community.

Pablo Colio presented the different initiatives that the FCC Group is developing in the field of sustainable finance. Along these lines, he presented the projects that the company is developing internationally and stated: *"We firmly believe that our company is a responsible and committed company, and strongly positioned as a key agent for defining solutions to address climate change"*. He also said that *"In 2010, FCC Construcción implemented a protocol for the quantification of greenhouse gas emissions in the construction sector. Since then, the company has been preparing and reviewing its Greenhouse Gas Emissions report on a yearly basis, being the first Spanish construction company to review it and also the first construction company to register its verified carbon footprint"*.



6.6 CARE AND PROTECTION OF ECOSYSTEMS AND BIODIVERSITY

The use of natural resources in FCC's activities may affect the changes in ecosystems, and as a result biodiversity, in those areas where the company operates. That is why it is necessary for each of the business lines to be responsible for protecting, preserving and repairing the effects they have on nature, as far as this is possible.

The following table shows the surface area in hectares of vulnerable protected areas together with the affected surface areas restored by the Group in the last three years.

Measures taken to preserve or restore biodiversity			
Year	2017	2018	2019
Protection of vulnerable areas (ha)	544	534	1,127
Restored affected areas (ha)	552	544	604

As can be seen, the increase in vulnerable areas protected in 2019 was very significant compared to previous years.

By business, the main effect on the landscape caused by Cementos Portland Valderrivas activity was the use of natural resources involving the supply of raw materials in quarries. Assessment of the effect on the landscape involves observing the exploited surface compared to the restored surface. Restoration consists of filling the gaps left by exploitation, adding and spreading topsoil and then planting herbaceous vegetation. Finally, the entire surface is planted with species suitable for the soil and land type. In 2019, restoration work in the quarries as a whole consisted of morphological repair and planting on the exploited surface area. This was done by applying suitable sowing and planting techniques, and using native species that are adapted to the specific soil conditions and climate in the area, such as holm oaks, pine, common broom and others.

Given that the impact on the territories is one of its most significant features, FCC Construcción places special emphasis on the protection of biodiversity and the restoration of natural spaces. When construction projects are in progress and then finalised, a number of measures are taken to protect the environment and restore ecosystems that have been affected by the company's activities, for which specific biodiversity plans are drawn up.

The company also takes other actions to protect the biodiversity of ecosystems. These include the physical protection of specimens, transplanting, transferring nests and animal species, creating wildlife refuges or simply planning the work in accordance with the life cycles of the species affected.

The following table details the number of construction jobs and the area affected for those that are located in areas with some type of official biodiversity protection status.

	Number of projects	Surface Area (km ²)
Location in natural protected areas or with a high biodiversity value	20	7
Location where the landscape is catalogued as important	10	14
Impact on natural watercourses in a protected area	3	0
Impact on natural watercourses in areas with high biodiversity value	6	9
Impact on watercourses of high or significant value for local or indigenous communities	9	9
Impact on catalogued or protected flora	11	14
Impact on catalogued or protected fauna	14	15

FCC Medio Ambiente is highly involved in the protection of biodiversity in an urban context with maintenance and preservation activities in parks and gardens as well as more specific initiatives undertaken at its industrial installations for the treatment and disposal of municipal solid waste. Beach cleaning services also contribute to the improvement of the Spanish coastline.

It is also worth mentioning the training provided by FCC Medio Ambiente in collaboration with Seo Bird Life, which aims to include biodiversity in the management of Public Parks and Gardens in the city of Oviedo as part of a biodiversity action plan. It includes training of key agents, the implementation and follow-up of Good Practices and initiatives to raise awareness that promote sensitivity and civic action.

The actions and initiatives developed by FCC Medio Ambiente for the protection of natural capital, include the integrated management of parks and gardens, the management of biodiversity in landfills, the protection of the Spanish coastline, scientific collaboration associated with the fight against invasive species and other training and awareness actions.

FCC Medio Ambiente communicates its actions in matters of the protection of natural assets in a number of publications like the triennial publication of the Spanish Enterprise and Biodiversity Initiative (IEEB), the participation of its collaborators in congresses, forums and conferences (PARJAP and Ecoplayas, for example), the publication of articles in specialist journals and organising different awareness initiatives for schoolchildren, students on specific courses in environmental techniques, technical personnel and professionals in the sector.

FCC Environment UK conducts surveys that help in the planning of its activities relating to the care of protected species. With the information obtained it creates policies, both for current and future actions, which enables them to act in accordance with the legislative framework in each of the territories. Special mention should go to monitoring and management activities for species and habitats in compliance with the European Union's list of protected species.

Aqualia is undertaking a number of ecosystem recovery projects as a result of the company's environmental policy and in accordance with its commitment to reaching environmental objectives.

Recovery of the Lagunas de Medina del Campo, through a sustainable project in the purification and re-use of water.

The start of operations at the Wastewater Treatment Plant in Medina del Campo in the summer of 2004 made the old lagoon system obsolete. It was composed of three anaerobic lagoons, two facultative and a third for ageing.

Since the beginning of 2008, the idea has been to recover the lagoon ecosystem, using the means already created and at that time deteriorated as was the case with the three old lagoons, to which they were going to introduce water suitable for life as is the case with effluent from the WWTP outlet. Water that is of higher quality than the one that used to circulate the lagoons and that will make aquatic life possible. They are located in a privileged area for the passage of migrating birds, and are continuously fed by the waters from the Wastewater Treatment Plant of Medina del Campo that ensures a continuous water level throughout the year. The project is based on the creation of different habitats in each lagoon, taking the depth of water and the vegetation into account, and gradually achieving greater naturalisation of an anthropic and deteriorated ecosystem, with the aim of achieving greater species diversity.

Aqualia has initiated contacts with a group from the University of Valladolid (UVA), to develop an application that will enable users to learn about each species in detail and get a close look thanks to a three-dimensional recreation, to familiarise citizens with the importance of this reserve.

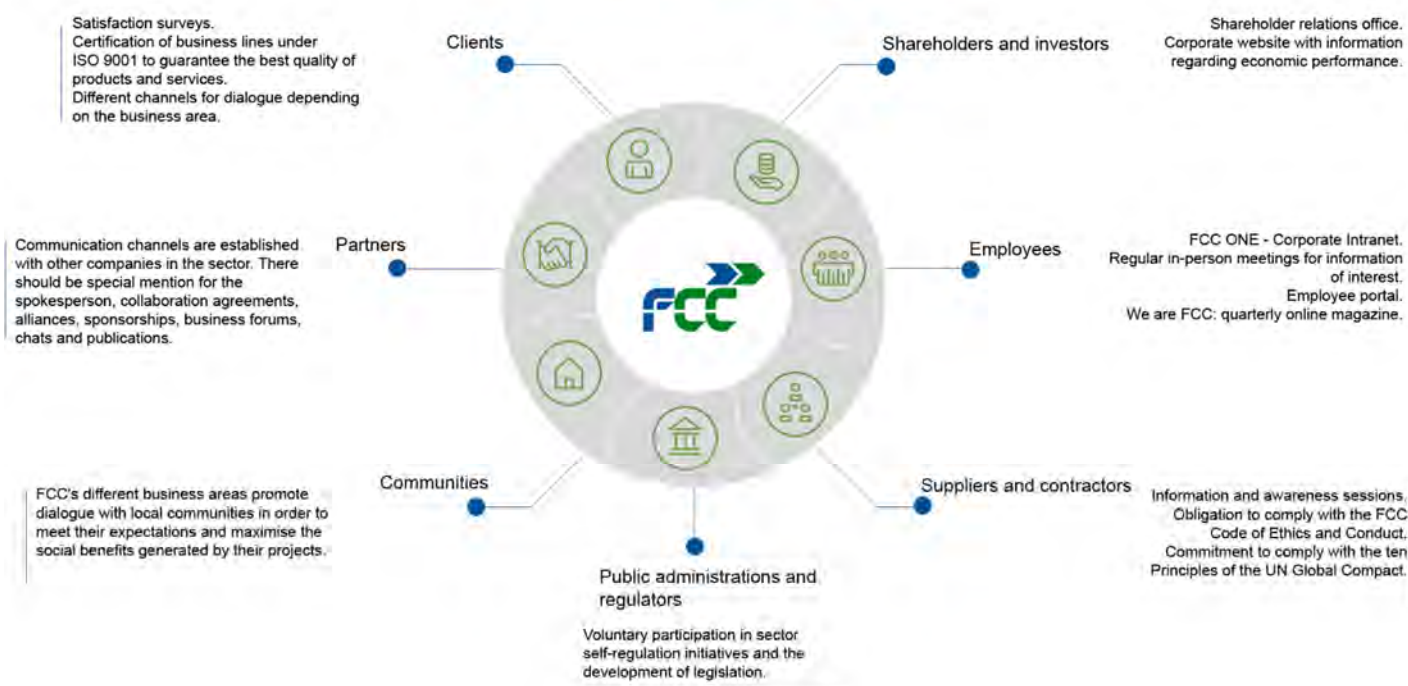


7. CREATING VALUE IN THE COMPANY

The sustainable growth and development of both society and the communities in which FCC operates is focussed on social action programmes and the materialisation of a commitment to clients and suppliers. The Group's Code of Conduct includes the principle of "Wellbeing and Community Development" that drives its employees to understanding the needs and expectations of the citizens for whom the company provides its services with a view to acting accordingly.

To reach its objectives, the company needs to establish communication channels with its stakeholders, ensuring transparency and compliance.

FCC stakeholders and dialogue tools



7.1 FCC'S COMMITMENT TO ITS CLIENTS

FCC's Code of Ethics and Conduct was updated in September 2019 and in item 11 it includes *the Group's commitment to its clients*, making this the focal point of its activity. This commitment hinges on the establishment of lasting relationships, based on mutual trust, honesty, professional responsibility and adding value.

With regard to the health and safety of clients and consumers in the business, Cementos Portland Valderrivas guarantees compliance with all legal requirements that apply to its products (cement, mortar, concrete, aggregates), including those governing health and safety. Safety data sheets for the products marketed are also available to clients. All packaged products are labelled according to European regulations (CLP). Also, all cements marketed are registered with the National Institute of Toxicology and Forensic Sciences where end-consumers can be treated in case of a health emergency.

With respect to claims and complaints received, during the year Cementos Portland Valderrivas received a total of 52 claims and complaints, of which 100% were resolved throughout the business year. The company has a procedure to manage technical inquiries and client claims and complaints.

All the companies that are part of FCC Construcción guarantee the health and safety of their consumers, complying with the legal requirements applicable to construction works, services and products, these include requirements involving health and safety.

To respond to these needs and to streamline communication, FCC Construcción has a client interlocutor in charge of dealing with suggestions, processing the information received, managing collaboration and notifying actions to be taken or taken as a result of suggestions received.

The company also makes "final surveys of the works" that give clients the chance to rate the service by assessing different aspects of it. FCC Construcción also has a management system in place for handling claims and complaints, information requests and satisfaction gauges that enable the company to make follow-ups and develop improvement plans.

The majority of the clients surveyed declare that they are very satisfied with the performance of FCC Construcción both at Corporate level and at FCC Industrial level. In 2019, all clients rated performance as good or very good.

Regarding claims and complaints received, in 2019 FCC Construcción received a total of 141 claims and complaints of which more than 85% were resolved during the year.

Aqualia, meanwhile, seeks to achieve excellence in customer service by developing services tailored to the needs of its users. The health and safety of clients is guaranteed as a result of a thorough quality control system for the treated water. In 2019, Aqualia continued to progress in strategic orientation towards the end-user, paying particular attention to the quality of the channels in place for interacting with users.

Aqualia's customer-service channels include:

- Customer service by telephone. In 2019 the Customer Service Centre received 804,519 calls.
- Virtual office, [aqualiacontact](#). In 2019, 120,787 interactions were managed, including 33.02% for the modification of data, 24.32% for electronic invoicing and 22.17% for payment via bank card.
- Application for mobile devices. In 2019 a total of 31,151 interactions were managed via the APP made available to our clients, with 24.91% involving the modification of data and 59.96% payment via bank card.
- Twitter [@aqualiacontact](#). Messages sent by users are handled and managed through the [@aqualiacontact](#) account. SMS messages are also managed for the notification of invoices with incidents and warnings regarding network breakdowns.

The efficiency of all client relationship channels gave us a very low claims and complaints rate of 0.30% to December 2019, with an average time for response to claims and complaints of less than 12 days.

In 2019, 107,129 surveys were conducted on clients using aqualiacontact (Customer Service Centre), of which 82,774 rated the service as excellent; 14,430 as very good, and 6,385 as good, reaching a positive satisfaction index of 96.70%.

With regard to claims and complaints received, during the year Aqualia received a total of 10,109 claims and complaints from clients, mainly related to the water supply service.

FCC Medio Ambiente Spain has a procedure within its Integrated Management System that establishes the methodology to be followed for the management of claims and complaints.

In this way, once a claim has been received, either in writing or transmitted verbally, it should always be properly managed. To this end, the immediate superior is informed who determines whether or not it is appropriate. In either case, the claim should be registered and processed using the VISION computer programme.

All claims, whether applicable or not, will receive a written reply for the purpose of explaining the action taken or the reasons that justify the treatment given to the claimant.

In year 2019, FCC Environment Spain received 1,602 claims of which 1,489 were resolved and 113 closed.

Within FCC Medio Ambiente, the industrial waste management business conducts a client satisfaction study by sending a "Satisfaction Questionnaire" to clients. In 2019, satisfaction surveys were sent to 790 clients. Of the total number of surveys sent, a reply was received from 283, so the overall response rate for the centres included in the analysis was 36%. Average global assessment at group level was 8.6, slightly higher than the previous year. It should be pointed out that in those centres where clients were asked whether they would work with them again, the answer was 100% yes.

In FCC Environment CEE, regular consumer surveys are conducted to measure the degree of satisfaction and to guarantee the best possible service. For this purpose, each of the countries has developed and applies guidelines for complaints that define individual responsibilities, the surveillance system, the methodology for evidence, the evaluation of the complaints and how they are processed. The service and control is undertaken by the Customer Service Department. Clients are able to contact the customer service department by phone or via the company's website. With respect to claims and complaints in FCC Environment CEE, a total of 8,926 were received throughout the business year, with different degrees of resolution depending on the country.

FCC Environment UK has a "Customer Service Policy" that commits it to resolving as quickly and fully as possible, any kind of problem that may arise with any of its clients, they are always expected to provide the best possible service. In 2019, a total of 8,032 inquiries were received from clients, of which only 12 were directly submitted to the Customer Service Manager. FCC Environmental Services (USA) did not receive any claims or complaints from clients during the business year.

7.2 FCC'S COMMITMENT TO ITS SUPPLIERS

FCC Group's supplies need to follow binding criteria with regard to sustainability. With this in mind, FCC is working on the application of ethical, social and environmental criteria in the purchasing and service processes it provides, with the aim of guaranteeing the highest degree of sustainability.

The company's Purchase Manual is based on three key principles: transparency, competitiveness and objectivity. To achieve this, we seek to establish balanced collaboration frameworks in our commercial relationships with suppliers, contractors, partners and collaborators that maximise profit for both parties.

Currently, this Purchase Manual is being reviewed within the framework of the CSR 2020 Master Plan. To do this, an analysis is being made of the map for environmental, social and governance risks for suppliers and contractors, taking the following into account:

- Identification of potential risks regarding sustainability.
- Inclusion of sustainability criteria in the definition of a critical supplier.
- Strengthening of the monitoring and control system for those suppliers presenting the highest risk.

Likewise, the FCC Code of Ethics and Conduct includes the basic principles that all partners, collaborators and suppliers should respect:

- Verification of ethical conduct in business relationships and rejection of corruption, bribery and fraud.
- Protection of the essential human and labour rights recognised internationally in the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, as well as the Agreements signed by this organisation
- Verification of a high level of commitment to compliance with occupational health and safety standards, guaranteeing a safe and healthy work environment.
- Respect for the environment in all activities, not only in terms of compliance with legislation, but also when undertaking activities in order to minimise negative environmental impact and establish sustainable environmental management.

In 2019 the ethical clauses of the General Conditions for Contracting that suppliers have to accept were reformulated, including references that the supplier declares to fully understand the content and scope of the new FCC Group Anti-Corruption Policy. This new clause was approved in 2019 by the Compliance Committee.

The FCC Group does not currently have a procedure for the official approval and supervision of suppliers. However, a standardisation process for the registration and official approval procedure is being developed, with the advice of an independent consultant. This will indicate the requirements that suppliers must meet to work with any of the Group's companies. This future procedure will establish initial levels of risk for suppliers and this will define the controls to which they will have to be submitted.

In this regard, work is being completed on due diligence processes, taking into account ethical aspects and the professional and economic suitability of those with whom business relationships will be established with a view to complying with the above principles.

7.3 COMMITTED TO SOCIAL DEVELOPMENT

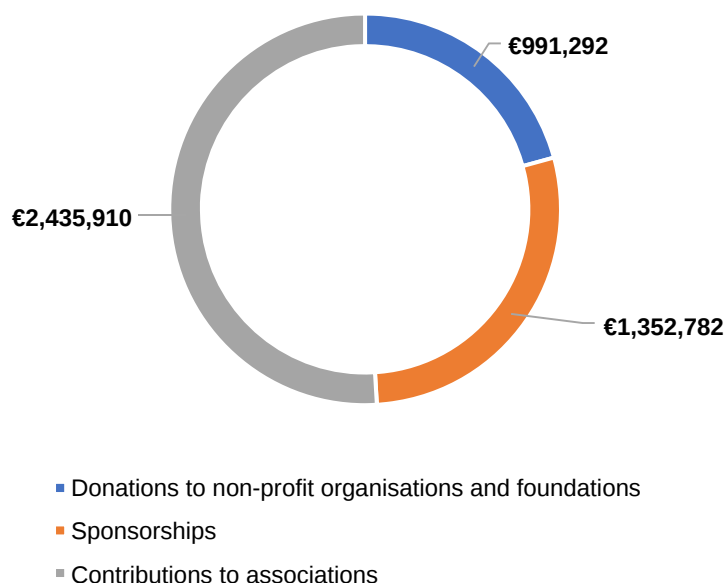
The corporate culture that has accompanied the FCC Group during its more than 100 years has been the guiding light for the company's behaviour with its stakeholders and defined its commitment and relationship with the companies.

The FCC Group, as a citizen services provider, includes the principle of "well-being and development of communities" in its Code of Ethics and Conduct. This serves as a lever for employees to try to understand and meet the needs and expectations of citizens for whom these services are provided. This connection with communities allows the organisation to position itself as a leading player in the sustainable transformation of the cities of the present and the future.

Along the same lines, the FCC Group associates its own business strategy with social action, contributing to job creation, social and economic progress in the different communities in which it operates and encouraging the participation of its employees in volunteering actions. to contribute social value and build trust.

However, the company's responsibility for the development of the communities goes further because, by contributing to non-profit organisations, the FCC Group has assigned a total amount of 4.8 million euros in the last business year to donations to non-profit organisations, foundations and associations. The following is a breakdown of the contributions made:

The FCC Group's contribution in 2019



With regard to its commitment to be a part of the 2030 Agenda solution, these contributions enable the Group to actively contribute to the achievement of the SDGs relating to economic progress, the reduction of inequalities and the formation of communities.

7.3.1 Social initiatives with employees in the FCC Group

The ultimate aim of the collection of initiatives in the field of social action developed by the company is to improve the quality of life of the beneficiaries by addressing two scopes of action, both inside and outside the organisation.

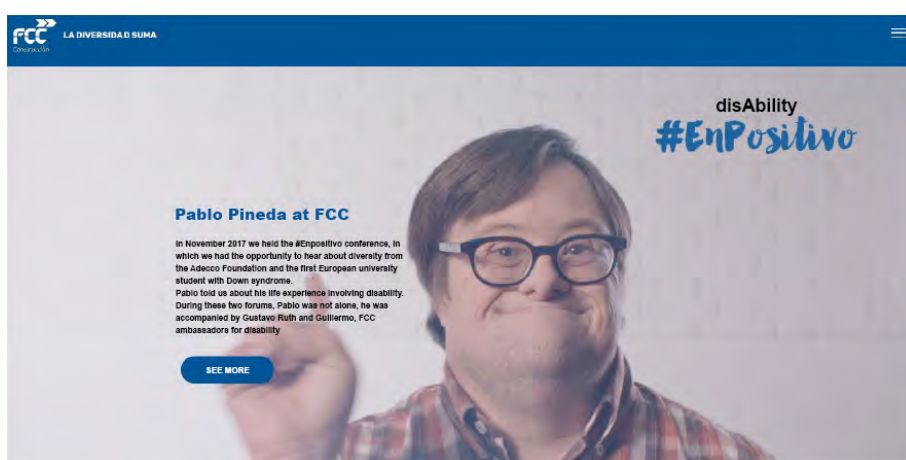
In the case of the first, the *internal actions* undertaken within the company have a direct positive social impact on employees leading to improved relationships and increased pride of belonging. In the case of the second, *community actions* enable the assessment of their activity's social and

environmental impact, allowing for easy access to basic services and promoting education, all of which has a positive impact on development and well-being within the community.

Internal actions are directed towards the Group's own employees and reflect FCC's commitment to its human capital via the social and labour integration of vulnerable groups, support for family members of employees and respect for the environment through environmental awareness programmes.

Integration actions for disadvantaged groups and support for family members of employees

In 2008, the FCC Group undertook to promote the social and labour integration of people with disabilities via a collaboration agreement with the Adecco Foundation. Today as a result of this, FCC employee family members with disabilities have access to training and career guidance, as well as employment programmes and itineraries for their future incorporation into the world of work.



The actions for integrating groups at risk of social exclusion undertaken by the FCC Group are mainly based on the development of social skills and attitudes to facilitate labour integration and on the organisation of leisure activities that contribute to cognitive, physical and emotional development.

For the first time, in 2009 the ONCE Foundation (Spanish Association for the Blind) and the FCC Group signed an "Insert Agreement" to cover new jobs within the company. Years later, in 2017, the entity expressed its commitment to the continued availability of Insert Employment. That is why the agreement was renewed that same year, which meant 425 additional contracts since the beginning of this collaboration.

With the aim of maintaining its firm commitment to diversity, the FCC Group continues to promote the employment of young people with disabilities (under 30), collaborating with the Never Give Up Plan. This initiative, promoted by the ONCE Foundation and its labour inclusion entity, includes a collection of guidance and training measures to help young people with disabilities find work.

Environmental awareness of employees

The FCC Group not only works to mitigate the impact associated with its activities, but it is also aware of the significance of environmental education and the commitment of its staff in the sustainability of the planet. It aims to raise awareness and foster the commitment of its collaborators with the environmental, social and sustainable development of cities.

The environmental education plays an essential role in the involvement and awareness of the FCC team so that, through training and awareness actions, they become ambassadors of Good Practices, benchmarks for citizens and promoters of sustainable development.

One of the actions undertaken by the company in this area was the FCC internal bulletin, an internal communication channel, in which projects of an environmental nature promoted by the company are assessed and which enables the dissemination of Good Practices to each line of business to promote transversal implementation.

Environmental awareness of a number of stakeholders in the construction works for the Lima metro

FCC Construcción's activity is clearly related to society, so one of the organisation's priorities is active listening and the integration of the needs of its stakeholders. But environmental awareness and training by the company is also essential to internally and externally communicate the effort required for environmental management to be undertaken at the most demanding and excellent level. Specifically, in the construction of line 2 of the Lima metro, the continuous improvement of environmental performance was promoted via the following interactions with the stakeholders in the process:



- Workers and personnel with access to the construction site were provided with colour-coded cards, to facilitate the identification and correct segregation of waste in real-time;
- With a view to strengthening relations with local communities, an event was held in favour of the Environment with the Santa Clara school;
- Prizes were awarded to the best subcontractors who demonstrated their commitment to the environmental management of the project.



The FCC Group, in line with its commitment to social responsibility, developed a programme called the *FCC plan for a circular economy*, within the framework of the 2020 Sustainability Master Plan. This incorporates a line of education and awareness aimed at employees in the field of circular economy. The implementation of this initiative has led to acceleration in the transition to

a new economic and productive model and to the cultural transformation of FCC in the fight against climate change, with increasing importance for the response to water stress and protection of biodiversity.

Cementos Portland Valderrivas organised an encounter with nature for employees of the company in Laguna el Porcal (Madrid)

Nearly 40 families of employees of the Cementos Portland Valderrivas Group had the opportunity to verify at first hand the scenic and natural wealth of El Porcal, a unique enclave, restored in its day by the company in collaboration with the Naumanni Naturist Association. Today it is one of the best wetlands for water birds in the Southeast Regional Park. During the outing, guided by Naumanni technicians, the families enjoyed different activities such as watching, ringing and releasing birds (storks and owls) and, to finish the day they enjoyed a simple snack.



Solidarity in FCC

In line with its commitment to social responsibility, the FCC Group, together with its collaborators, promotes progress in society and encourages awareness regarding the most disadvantaged groups.

With this in mind, during the last business year, FCC employees participated in a number of solidarity actions, thus contributing to the construction of a corporate citizenship culture within the Group and supporting FCC's Mission to create social value and contribute to the well-being of people. The participation of the FCC team in these projects promotes their pride of belonging and enables them to strengthen their social relationships and increase their personal well-being by devoting part of their time and resources to social causes.

"Donate kilos of generosity"

In line with its commitment to social responsibility, the FCC Group launched a solidarity Christmas campaign last December under the slogan "Give kilos of generosity" to collect essential products (non-perishable) and Christmas sweets, in favour of the Pan y Peces Foundation.

The company provided the food collection points to the Pan y Peces Foundation so that its workers could contribute their "kilo of generosity" to the most disadvantaged groups in society. This enabled the campaign to collect more than 400 kilos of products of different types: Perfumery and chemist's shop products like bath gel, shampoo, cologne, bars of soap, toothpaste, and food products like Italian pasta, nougat, marzipan and traditional Spanish shortbread cookies.

The initiative made it possible to reach more than 50 disadvantaged families, giving each a shopping trolley of basic necessities. Each was designed to cater for the basic needs of the households, depending on the number of family members, their ages and their health condition. The FCC Group's commitment to the "Give away kilos of generosity" campaign enabled awareness to be raised among its collaborators in matters of social action and help to be given to society's most vulnerable groups.



New Blood Donation campaign at FCC

During the 2019 business year the FCC Group and the Red Cross launched a new voluntary blood donation campaign. Under the Red Cross motto of "Wake up the donor inside you", FCC employees were given the opportunity to donate blood without leaving the workplace.

This initiative for collaboration with the Red Cross has taken place constantly for several years now, depending on the demand for blood in hospitals. Within the context of maintaining blood reserves, the involvement and solidarity of the entire FCC team is essential, because with such a simple gesture, many more lives can be saved every day.



Employee awareness of UNHCR

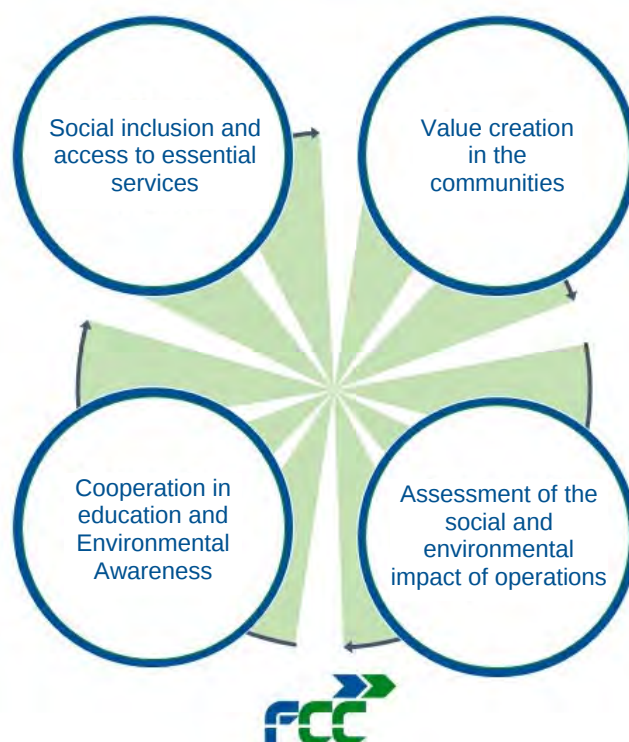
On the occasion of World Refugee Day, UNHCR information tables were installed at Aqualia's headquarters in Madrid, Seville and Barcelona with the aim of raising awareness among employees of the solidarity initiatives promoted by the association and the numerous ways in which it is possible to collaborate in the eradication of this severe humanitarian problem.

The company also organised an awareness chat at its headquarters in Madrid that told of the experiences of the head of Strategic Alliances in UNHCR. About a hundred employees attended the event to learn about a global problem affecting 70 million people including internally displaced persons, asylum seekers and refugees. Meanwhile, Aqualia also launched an awareness and information campaign that involved the company's employees, as well as citizens and institutional clients. By including messages in the invoices, the company invited clients to send an SMS to support refugees having access to clean drinking water.



7.3.2 FCC Group social initiatives within the community

The four main principles on which the FCC Group bases its projects in the community are the following:



Social inclusion and access to services

The FCC Group's business model, and therefore the organisation of the different activities derived from its business lines, enables the company to provide easy access to basic services such as electricity, drinking water and sanitation, thus fostering economic development and improving municipal services in the communities in which it operates.

At the same time, the organisation undertakes to actively participate in solidarity actions, especially relating to sanitation, improved health and access to resources and services in the most vulnerable and needy places in which FCC operates.

Value creation in the communities

CSR Project: "Peru with water"

It should be mentioned that in 2019 the definition, coordination and implementation of a CSR project began in Peru in collaboration with World Vision International, a benchmark NGO with a presence in and knowledge of the country. Entitled "Peru with Water", the aim is to contribute to the improvement of the quality of life for the inhabitants of 12 community centres in the district of Andahuaylillas, province of Quispicanchi, Department of Cusco, by providing access to high-quality water and sanitation services on two levels. Firstly, at the engineering level, with the refurbishment, operation and maintenance of the water system infrastructure, that will enable the communities to have suitable access to drinking water. Secondly, at the educational level, the project will focus on social involvement in communications and education on hygiene and sanitation, and in the management of water services via the development of local capacity.

The FCC Group contributes to the creation of value through the services and infrastructures it provides, as these have a positive impact on socio-economic development, generating jobs, growth and prosperity in its environment, taking into account the processes for contracting local suppliers and subcontractors that are applicable within the community.

Assessment of the social and environmental impact of operations

In the Group's 2020 Master Plan, one of the priorities of the FCC Connected axis was to create a methodology for assessing the social and environmental impact of operations.

In this regard, in FCC Construcción's Technical Services General Deputy Management and Studies and Contracting Deputy Management a metric was defined to assess the social and environmental sustainability of the projects at the bidding stage and which is being applied to the new bids being presented.

Specifically, the metric evaluates whether the project to be tendered involves the relocation of people or communities, whether it negatively affects any unique heritage assets, whether there has been an environmental impact study or some formula for forecasting and mitigating impact, whether the work involves an increase in access to basic services (water, communications, electricity, etc.) for the population, whether citizen participation was included at any time during the process or whether the project had a specific, notorious social response.

The classification of the project, defining whether it involves high, average or minimum environmental and social risk, enables early identification of significant requirements when bidding, evaluating and auditing the project.

Cooperation in education and environmental awareness

In line with the social responsibility assumed by the FCC Group in matters of education and awareness, FCC is working together with different educational institutions, especially in the field of cooperation, to promote environmental protection and thus contribute to the social, cultural and sustainable development of cities.

The initiatives taken in this area by the Group's Water and Environmental Services businesses, whose activity is closely linked to citizens as a result of the provision of comprehensive water management and waste management services, are especially important due to their volume and impact.

In this regard, it is worth highlighting the education that Aqualia provides for sustainable water consumption, together with the collaboration of a number of municipalities, by means of educational talks with children on the comprehensive water cycle, from how this resource reaches their homes, to how it is returned to the natural environment after use, including visits to wastewater treatment plants, and remarking on the consequences of the misuse of the sewage system.

FCC Medio Ambiente is intensifying the organisation of citizenship awareness forums and the promotion of public-private partnerships for the promotion of environmental education such as collaboration with Seo Bird Life, the Biodiversity Foundation and with a number of universities.

175 students from eight schools in Teruel and Zaragoza visit the Albarracín water treatment plant

In March 2019, Aqualia, the company that manages the Wastewater Treatment Plant (WWTP) in Albarracín, received a visit by 175 students from eight secondary schools in the provinces of Teruel and Zaragoza to learn about the installations and operation of the municipal purification system.

These students were part of the CRIET, the Teruel Educational Innovation Centre, an institution belonging to the Department of Education, Culture and Sports of the Regional Government of Aragon that was created to compensate for possible inequalities amongst students from incomplete or unitary schools belonging to Aragonese rural school units.

They were divided into groups and Aqualia technicians explained the Comprehensive Water Cycle, the process that this resource follows from when it evaporates, from rivers and lakes, until it is returned clean to its natural environment after use. The young students also learned how the plant works and about the phases of the comprehensive water cycle. There were also explanations on the consequences of throwing single-use wipes, drugs, sanitary towels, etc. into the toilet, as they cause blockages and breakdowns in the pipes.

The aim of these school trips is to teach children about the luxury of enjoying something as precious as water and the work involved in delivering it to all homes and returning it to the environment in optimal conditions after use.



The WREN Foundation In the United Kingdom

The WREN Foundation is a non-profit organisation that was founded in 1997 with the aim of allocating funds to social impact projects in the community, relating to both biodiversity and the protection of heritage as a result of the contributions made by FCC Environment.

The organisation donated more than 6.5 million pounds for over 120 projects in the United Kingdom during the last business year. WREN is currently contributing and channels funds through two programmes, the FCC Community Action Fund, aimed at financing projects in England and Wales; and the FCC Scottish Action Plan, open to applicants in Scotland.



The programmes through which the Foundation channels these funds are:

- FCC Community Action Fund: for financing projects in England and Wales.
- FCC Scottish Action Plan: for applicants in Scotland.

The projects launched thanks to the contributions and donations of FCC Environmental UK cover a wide range of issues, from initiatives relating to health and biodiversity protection to knowledge dissemination projects and actions for the restoration and refurbishment of heritage and public spaces. For more information go to the WREN Foundation website: www.wren.uk.com

8. ANNEXES

8.1 ANNEX I: SUMMARY TABLE FOR SOCIAL AND PERSONNEL AFFAIRS

FCC Group country network

Country	Men	Women	TOTAL
Spain	33,584	10,781	44,365
Czech Republic	2,161	655	2,816
United Kingdom	2,045	348	2,393
Romania	556	144	700
Austria	530	162	692
Bulgaria	316	179	495
Poland	382	94	476
Portugal	373	88	461
Slovakia	361	93	454
Italy	207	37	244
Hungary	127	52	179
Serbia	100	34	134
USA	372	50	422
Panama	484	88	572
Colombia	240	51	291
Egypt	1,025	3	1,028
Tunisia	239	19	258
Saudi Arabia	2,294	195	2,489
United Arab Emirates	326	6	332
Rest of World (*)	425	88	513

(*) Rest of the world includes countries with a workforce of less than 100 people.

Percentage of employees covered by collective agreement by country

Country (*)	% Total workers covered by collective agreement
Spain	100%
France	100%
Italy	100%
Portugal	48.26%
Slovakia	36.83%
Czech Republic	36.58%
Poland	25%
Romania	22.85%
Serbia	10.56%
Austria	6%
United Kingdom	7.13%
Hungary	0%
Bulgaria	0%
USA	0%
Panama	30.45%
Mexico	0%
Chile	0%
Colombia	0%
Tunisia	100%
Saudi Arabia	0%
United Arab Emirates	0%
Oman	0%

(*) Countries have been selected based on representativeness in the FCC Group's different business areas (number of employees, activity, etc.).

8.2 ANNEX II: SUMMARY TABLE FOR ENVIRONMENTAL ISSUES

Environmental indicator	2017	2018	2019
Activities with environmental certification (%)	92	88	87
NOx emissions (t)	10,351	9,074	11,167
SOx emissions (t)	782	910	1,194
Total particle emissions (t)	1,002	1,481	972
Waste generated (t)	3,103,232	3,211,360	5,459,332
Hazardous waste (t)	127,313	159,776	112,215
Non-hazardous waste (t)	3,362,178	3,051,584	5,347,118
Water consumption (m ³)	12,071,936	13,016,152	13,848,749
Direct energy consumption (GJ)	38,109,622	37,206,538	42,142,050
Indirect energy consumption (GJ)	6,273,576	6,250,451	6,289,434
Total energy consumption (GJ)	44,383,199	43,456,989	48,431,483
Use of renewable energies (GJ)	10,750,334	10,786,857	13,107,942
Consumption of raw materials (t)	27,018,867	19,931,294	25,786,930
Direct GHG emissions (tCO ₂ e)	7,296,889	5,165,274	7,870,743
Indirect GHG emissions (tCO ₂ e)	665,962	768,792	731,600

8.3 ANNEX III TABLE OF INDICATORS LAW 11/2018-GRI LINKING

Law 11/18 Requirement	Reference GRI standard	Page number
GENERAL INFORMATION		
Business model		
Brief description of the group business model (including business environment, organisation and structure)	102-1 Name of the organisation 102-2 Activities, brands, products and services 102-5 Ownership and legal status 102-7 Size of the organisation 102-18 Governance structure 102-22 Members of the senior governing body and its committees 102-23 President of the senior governing body 102-45 Entities included in consolidated financial statements	9-15;18-20
Geographical presence	102-3 Location of headquarters 102-4 Location of operations 102-6 Markets served	9-15;49;110
Organisation's objectives and strategies	102-26 Role of senior governing body in setting objectives, values and strategy	34-47
Main factors and trends that may affect future growth and development	102-15 Key impacts, risks and opportunities	15-17
Company policies		
A description of the policies applied by the group regarding these issues [environmental and social issues, respect for human rights and the fight against corruption and bribery, those relating to personnel, including measures adopted, where applicable, to promote the principle of equal treatment and opportunities for women and men, non-discrimination and the inclusion of persons with disabilities and universal accessibility]	103-2 The management approach and what it consists of	18-109
Risk management		
The main risks relating to these issues [environmental and social issues, respect for human rights and the fight against corruption and bribery, those relating to personnel, including measures adopted, where applicable, to promote the principle of equal treatment and opportunities for women and men, non-discrimination and the inclusion of persons with disabilities and universal accessibility]	102-15 Main impacts, risks and opportunities 102-29 Identification and management of economic, environmental and social impacts 102-30 Effectiveness of risk management processes 102-31 Appraisal of economic, environmental and social issues	30-33
Others		
Mention in the report of the national, European and international reporting framework used for the selection of key indicators for the non-financial results included in each of the sections	102-54 Declaration of having made the report in accordance with GRI Standards	4-7

1. ENVIRONMENTAL ISSUES		
Detailed general information		
On current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety	103: Management Approach	69-70
On environmental assessment and certification procedures	103: Management Approach	67-68
On resources dedicated to the prevention of environmental risks	103: Management Approach	72
On the application of the precautionary principle	102-11 Precautionary principle or approach	71-72
On the amount of provisions and guarantees for environmental risks	307-1 Noncompliance with environmental laws and regulations	72-73
Pollution		
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment (also includes noise and light pollution)	305-6 Emissions of substances that deplete the ozone layer (ODS) 305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions 306-1 Water discharge in accordance with quality and destination	73-75
Circular economy, waste prevention and management		
Measures for prevention, recycling, re-use, other forms of retrieval and disposal of waste	301-2 Recycled inputs 306-2 Waste by type and disposal method	76-80
Actions to combat food waste	103: Management Approach	80-81
Sustainable use of resources		
Water consumption and water supply in accordance with local limitations	303-1 Water extraction by source 303-2 Water sources significantly affected by water extraction	82-83
Raw material consumption and measures taken to improve the efficiency of its use	301-1 Materials used by weight or volume	84-85
Direct and indirect energy consumption	302-1 Energy consumption within the organisation	85
Measures taken to improve energy efficiency	302-4 Reduction of energy consumption 302-5 Reduction of energy requirements for products and services	85-86
Use of renewable energy	302-1 Energy consumption within the organisation	85-86
Climate change		
Important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	305-1 Direct GHG emissions (scope 1) 305-2 Indirect GHG emissions when generating energy (scope 2)	89-90
Measures taken to adapt to the consequences of climate change	201-2 Financial implications and other risks and opportunities due to climate change	87-88
Reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and the measures adopted for this purpose.	305-5 Reduction of GHG emissions	88-89
Protecting biodiversity		
Measures taken to preserve or restore biodiversity	103: Management Approach	93;95

Impacts caused by activities or operations in protected areas	304-1: Operational centres owned, leased, managed, in or adjacent to, protected areas and areas of high biodiversity value outside protected areas. 304-2: Significant impacts of activities, products and services on biodiversity. 304-3: Habitats protected or restored.	94
2. SOCIAL AND PERSONNEL AFFAIRS		
Employment		
Total number and distribution of employees by gender, age, country and professional classification	102-8 Information on employees and other workers 405-1 Diversity in governing bodies and employees	48-52
Total number and distribution of employment contract modalities		
Annual average for indefinite, temporary and part-time contracts by gender, age and professional classification		
Number of dismissals by gender, age and professional classification;	401-1 Employee recruitment and staff turnover	53
Average remuneration and developments disaggregated by gender, age and professional classification or equal value;	102-35 Remuneration policies 102-36 Processes to determine remuneration 103: Management Approach	56
Salary gap, remuneration for the same job or the average within the company	405-2 Ratio for basic salary and remuneration for women vs men	58-59
Average remuneration for directors and managers, including variable income, allowances, compensation, contributions to long-term savings systems and any other income broken down by gender	102-38 Ratio of total annual salary	21
Implementation of work disconnection policies	103: Management Approach	62
Employees with disabilities	405-1 Diversity in governing bodies and employees	59-60
Work organisation		
Organisation of working time	103: Management Approach	61-62
Hours lost through absenteeism	403-2 Types of injury and accident frequency rate, occupational illness, days lost, absenteeism and number of fatalities relating to accidents at work or occupational illness	64
Measures aimed at facilitating work-life balance and encouraging the co-responsibility of both parents	401-3 Parental leave	61-62
Health and safety		
Occupational health and safety conditions	403-1 Workers representation in formal joint management-worker health and safety committees	63-66
Work-related accidents, particularly their frequency and severity by gender	403-2 Types of injury and accident frequency rate, occupational illness, days lost, absenteeism and number of fatalities relating to accidents at work or occupational illness	64
Occupational illness by gender	403-2 Types of injury and accident frequency rate, occupational illness, days lost, absenteeism and number of fatalities relating to accidents at work or occupational illness	64

Social relationships		
Organisation of social dialogue, including procedures for informing and consulting personnel and negotiating with them	402-1 Minimum notice given for operational changes 403-1 Workers representation on formal worker-company health and safety committees	62-63
Percentage of employees covered by collective agreement by country	102-41 Collective bargaining agreements	62-63;111
Balance of collective agreements, particularly in the field of health and safety at work	403-4 Health and safety issues covered in formal agreements with trade unions	62-63
Training		
Policies implemented in the field of training	404-2 Programmes for upgrading employee aptitudes and transition aid programmes	53-55
Total number of hours of training by professional category.	404-1 Average hours of training per year per employee	54
Accessibility		
Universal accessibility for people with disabilities	405-1 Diversity in governing bodies and employees	59-60
Equality		
Measures taken to promote equal treatment and opportunities for women and men	103: Management Approach 405-1 Diversity in governing bodies and employees	19-20;56-60
Equality plans (Chapter III of Organic Law 3/2007 of 22 March for the effective equality of women and men), measures adopted to promote employment, protocols against gender bullying and prejudice; integration and universal accessibility for people with disabilities	103: Management Approach 405-1 Diversity in governing bodies and employees	56-60
Policy against all types of discrimination and, where applicable, for diversity management	406-1 Cases of discrimination and corrective actions taken	56-60
3. INFORMATION ON RESPECT FOR HUMAN RIGHTS		
Application of due diligence procedures in human rights matters	102-16 Values, principles, standards and norms of conduct 102-17 Advisory mechanisms and ethical concerns 412-2 Training of employees in human rights policies and procedures	21-25
Prevention of risks of violation of human rights and, where applicable, measures to mitigate, manage and repair possible abuses committed	412-1 Operations subject to human rights reviews or impact assessment	21-25
Cases reported involving violation of human rights	102-17 Advisory mechanisms and ethical concerns 406-1 Cases of discrimination and corrective actions taken 419-1 Failure to comply with laws and regulations in social and economic fields	21-25
Promotion of and compliance with the provisions of the essential ILO agreements relating to respect for freedom of association and the right to collective bargaining		21-25
Elimination of discrimination in employment and occupation		
Elimination of forced or compulsory labour		
Effective abolition of child labour		

4. INFORMATION CONCERNING THE FIGHT AGAINST BRIBERY AND CORRUPTION		
Measures taken to prevent bribery and corruption	102-16 Values, principles, standards and norms of conduct 102-17 Advisory mechanisms and ethical concerns 205-1 Operations assessed for corruption-related risks 205-2 Communication and training on anti-corruption policies and procedures 205-3 Cases of corruption confirmed and measures taken	25-27
Measures to fight money laundering	102-16 Values, principles, standards and norms of conduct 102-17 Advisory mechanisms and ethical concerns	27
Contributions to foundations and non-profit organisations	102-13 Membership of associations	100
5. INFORMATION ABOUT THE COMPANY		
The company's commitments to sustainable development		
Impact of the company's activity on employment and local development	413-1 Operations with local community participation, impact assessments and development programmes 413-2 Operations with significant real or potential negative impacts on local communities	100-109
Impact of the company's activity on local populations and on the territory	203-1 Investment in infrastructure and supported services 413-1 Operations with local community participation, impact assessments and development programmes 413-2 Operations with significant real or potential negative impacts on local communities	100-109
Relationships maintained with those playing a role in local communities and how dialogue is established with them	102-43 Approach to stakeholder participation 413-1 Operations with local community participation, impact assessments and development programmes	100-109
Partnership and sponsorship actions	102-12 External initiatives	100
Subcontracting and suppliers		
Inclusion in procurement policy of social, gender equality and environmental issues	308-1 New suppliers that were screened and selected following environmental criteria 414-1: New suppliers that were screened and selected following social criteria.	99
In relationships with suppliers and subcontractors, taking into account their social and environmental responsibility	308-1 New suppliers that were screened and selected following environmental criteria 414-1: New suppliers that were screened and selected following social criteria.	99
Supervisory systems, audits and their results	103: Management Approach	99
Consumers		
Measures for the health and safety of consumers	416-1 Assessment of the health and safety impacts of product and service categories	97-98
Claim systems	103: Management Approach	97-98
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Tax information		
Profits obtained country by country	201-1 Direct economic value generated and distributed	9;28-29
Corporate income tax paid on profit	201-1 Direct economic value generated and distributed	9;28-29
Public grants received	201-4 Government financial assistance received	29



Non-Financial Information Verification Statement

AENOR verification statement for

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

concerning the consolidated statement of non-financial information FCC GROUP
CONSOLIDATED NON-FINANCIAL INFORMATION STATUS 2019

according to law 11/2018

for the period ending on December 31, 2019

In Madrid April 16 2020

A handwritten signature in blue ink, appearing to read "Rafael García Meiro", with a stylized flourish at the end.

Rafael García Meiro
Chief Executive Officer

AENOR

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter the organization) with registered office at: Calle Balmes, 36 08007 Barcelona and on its behalf, Javier LOPEZ-GALIACHO PERONA, in charge of Chief Compliance Officer and Head of Corporate Responsibility of the FCC Group, has commissioned AENOR to carry out a verification under a limited level of assurance of its Non-Financial Information Statement (hereinafter EINF) in accordance with Law 11/2018 amending the Commercial Code, the revised text of the Law on Corporations approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity (hereinafter Law 11/2018).

As a result of the verification carried out, AENOR issues this Statement, of which the verified EINF forms part. The Declaration is only valid for the purpose entrusted and reflects only the situation at the time it is issued.

The purpose of the verification is to provide the interested parties with a professional and independent opinion about the information and data contained in the organization's EINF, prepared in accordance with Law 11/2018.

Responsibility of the organization. The organization was responsible for reporting its non-financial information status in accordance with Law 11/2018. The formulation and approval of the EINF, as well as its content, is the responsibility of its Governing Body. This responsibility also includes designing, implementing and maintaining such internal control as is deemed necessary to ensure that the EINF is free from material misstatement due to fraud or error, as well as the management systems from which the information required for the preparation of the EINF is obtained. The organisation, in accordance with the commitment formally undertaken, has informed AENOR that no events have occurred, from the date of the close of the financial year reported in the non-financial report until the date of verification, that might require corrections to be made to the report.

Verification program in accordance with ISO/IEC 17029:2019 AENOR, in accordance with the aforementioned Act, has carried out this verification as an independent provider of verification services. The verification has been developed under the principles of "evidence-based approach, fair presentation, impartiality, technical competence, confidentiality, and accountability" required by the international standard ISO/IEC 17029:2019 "Conformity assessment - General principles and requirements for validation and verification bodies".

Likewise, in the verification program, AENOR has considered the international requirements of accreditation, verification or certification corresponding to the information matters contemplated in the Law:

- European Regulation EMAS (Environmental Verification)



- SA 8000 (international labour principles and rights in accordance with the ILO (International Labour Organization), the Universal Declaration of Human Rights and the Convention on the Rights of the Child. SAAS Procedure 200)
- Environmental Management System (ISO 14001).
- Social Responsibility Management System, IQNet SR 10 and SA8000 schemes
- Quality Management System (ISO 9001).
- Energy Management System (ISO 50001).
- Occupational Health and Safety Management System (ISO 45001).

Additionally, the criteria and information that have been taken into account as a reference to carry out the Verification Program have been:

- 1) Law 11/2018 of 28 December, which amends the Commercial Code, the revised text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity.
- 2) Directive 2014/95/EU of the European Parliament and Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial information and diversity reporting by certain large companies and certain groups.
- 3) Communication of the European Commission 2017/C 215/01, Guidelines on non-financial reporting (methodology for non-financial reporting)
- 4) the international standard ISO/IEC 17029:2019 Conformity assessment - General principles and requirements for validation and verification bodies
- 5) The criteria established by the global sustainability reporting initiative in the GRI standards where the organisation has opted for this recognised international framework for disclosure of information relating to its corporate social responsibility performance

AENOR expressly disclaims any liability for decisions, investment or otherwise, based on this Declaration.

During the verification process carried out, under a limited level of assurance, AENOR conducted interviews with the personnel in charge of compiling and preparing the Report and reviewed evidence relating to:

AENOR

- Activities, products and services provided by the organization.
- Consistency and traceability of the information provided, including the process followed to collect it, sampling information about the reported.
- Completion and content of the statement of non-financial information in order to ensure the completeness, accuracy and veracity of its content.
- Letter of statements from the Administrative Body.

The conclusions are therefore based on the results of this sample process, and do not absolve the Organization of its responsibility for compliance with applicable legislation.

The personnel involved in the verification process, the review of findings and the decision to issue this Statement have the knowledge, skills, experience, training, supporting infrastructure and capacity to effectively carry out these activities.

CONCLUSION

Based on the foregoing, in our opinion, there is no evidence to suggest that the statement of non-financial information included in the FCC GROUP CONSOLIDATED NON-FINANCIAL INFORMATION STATUS 2019 and for the year ended December 31, 2019, does not provide accurate information on the performance of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and subsidiaries, in terms of social responsibility under Law 11/2018. Specifically, with regard to environmental, social and personnel issues, including the management of equality, non-discrimination and universal accessibility, human rights, the fight against corruption and bribery, and diversity.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

AUDITOR'S REPORT ON THE "INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)" OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. FOR 2019

To the Directors of
FOMENTO DE CONSTRUCCIONES CONTRATAS, S.A.,

As requested by the Board of Directors of Fomento de Construcciones y Contratas, S.A. ("the Entity") and in accordance with our proposal-letter of 27 November 2019, we have applied certain procedures to the accompanying information relating to the ICFR system of Fomento de Construcciones y Contratas, S.A. for the year ended 31 December 2019, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report (ACGR).

It should be noted in this regard, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Standards on Auditing, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establish the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for the year ended 31 December 2019 described in the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the system of internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the audit regulations in force in Spain, we do not express an audit opinion in the terms provided for in those regulations.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system - disclosure information included in the directors' report- and assessment of whether this information addresses all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model Annual Corporate Governance Report established in CNMV Circular no. 5/2013, of 12 June 2013, subsequently amended by CNMV Circular no. 7/2015, of 22 December 2015 and CNMV Circular 2/2018, of 12 June ("the CNMV Circulars").
2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the process involved in the preparation of the information; (ii) obtaining information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) obtaining information on whether the control procedures described are in place and functioning at the Entity.
3. Review of the explanatory documents supporting the information detailed in point 1 above, including mainly the documentation furnished directly to those responsible for describing the ICFR system. In this regard, the aforementioned documents include the reports prepared for the Audit and Control Committee by internal audit, senior management and other internal or external specialists.
4. Comparison of the information detailed in point 1 above with the knowledge of the Entity's ICFR system obtained through the procedures applied during the financial statement audit work.
5. Perusal of the minutes taken at meetings of the Board of Directors, the Audit and Control Committee and other committees of the Entity in order to assess the consistency of the ICFR system issues addressed at those meetings with the information detailed in point 1 above.
6. Obtainment of the representation letter in connection with the work performed, duly signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements established in Article 540 of the Consolidated Spanish Limited Liability Companies Law and in the CNMV Circulars for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Raquel Martínez Armendáriz

27 February 2020